

BASE PROSPECTUS



NOKIA CORPORATION

(incorporated as a public limited liability company in the Republic of Finland)

EUR 5,000,000,000 Euro Medium Term Note Programme

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended by Directive 2010/73/EU (together, the "**Prospectus Directive**") and has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of the Prospectus Directive and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FCA and to trading on the regulated market of the London Stock Exchange plc (the "**London Stock Exchange**").

References in this Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List of the FCA. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive).

The Programme will be rated by Standard and Poor's Credit Market Services Europe Limited ("**S&P**") and Moody's Deutschland GmbH ("**Moody's**"). Each of S&P and Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended, on credit rating agencies (the "**CRA Regulation**"). The Issuer is rated by S&P and Moody's. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the relevant credit rating agency.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.

Arranger

Deutsche Bank

Dealers

**Citigroup
Goldman Sachs International**

**Deutsche Bank
J.P. Morgan Cazenove**

26 April 2013

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CERTAIN DEFINITIONS AND PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Base Prospectus, all references to "**Nokia**" "**we**", "**us**" or "**the Group**" are to Nokia Corporation and its subsidiaries on a consolidated basis, except where it is made clear that the term means Nokia Corporation or a particular subsidiary or business segment only, and except that references to Nokia's "**shares**", matters relating to Nokia's shares or matters of corporate governance, refer to the shares and corporate governance of Nokia Corporation. All references to the "**Issuer**" are to Nokia Corporation and not to any of its subsidiaries.

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S.\$**", "**USD**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to the lawful currency of the Member States that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, references to "**Sterling**", "**£**" and "**GBP**" are to the currency of the United Kingdom, references to "**Japanese Yen**" and "**JPY**" are to the currency of Japan, and references to "**Swiss Francs**" and "**CHF**" are to the currency of Switzerland.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Base Prospectus and any Final Terms (as defined below) and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus and any Final Terms are, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers, as the case may be.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche of Notes called final terms (each a "**Final Terms**") or in a separate prospectus specific to such Tranche of Notes (each a "**Drawdown Prospectus**") (as described in "*Final Terms, Drawdown Prospectuses and Supplements*"). In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus, unless the context requires otherwise. This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by Nokia or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by Nokia or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of Nokia since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in

connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation, or inducement to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 5,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement (as defined under "*Subscription and Sale*").

Any person making or intending to make a public offer of Notes, or seek the admission of any Notes to trading, in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") may only do so if this Base Prospectus has been approved by the competent authority in that Relevant Member State (or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State) and published in accordance with the Prospectus Directive. Save as provided above, none of the Issuer or any Dealer has authorised, nor do they authorise, the making of any public offer of Notes, or any application for admission of any Notes to trading, in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) **have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;**

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

FORWARD-LOOKING STATEMENTS

It should be noted that Nokia and its business are exposed to various risks and uncertainties and certain statements herein that are not historical facts are forward-looking statements, including, without limitation, those regarding:

- the expected plans and benefits of our partnership with Microsoft Corporation ("**Microsoft**") to bring together complementary assets and expertise to form a global mobile ecosystem for smartphones;
- the timing and expected benefits of our strategies, including expected operational and financial benefits and targets as well as changes in leadership and operational structure;
- the timing of the deliveries of our products and services;
- our ability to innovate, develop, execute and commercialise new technologies, products and services;
- expectations regarding market developments and structural changes;
- expectations and targets regarding our industry volumes, market share, prices, net sales and margins of our products and services;
- expectations and targets regarding our operational priorities and results of operations;
- expectations and targets regarding collaboration and partnering arrangements;
- the outcome of pending and threatened litigation, regulatory proceedings or investigations by authorities;
- expectations regarding the successful completion of restructurings, investments, acquisitions and divestments on a timely basis and our ability to achieve the financial and operational targets set in connection with any such restructurings, investments, acquisitions and divestments; and
- statements preceded by "believe", "expect", "anticipate", "foresee", "target", "estimate", "designed", "aim", "plans", "intends", "will" or similar expressions.

These statements are based on management's best assumptions and beliefs in light of the information currently available to it. Because they involve risks and uncertainties, actual results may differ materially from the results that we currently expect. Factors, including risks and uncertainties, that could cause these differences include, but are not limited to:

- 1) our ability to make the Windows Phone ecosystem a competitive and profitable global ecosystem that achieves sufficient scale, value and attractiveness to relevant market participants, making Nokia products with Windows Phone a competitive choice for consumers;
- 2) our success in the smartphone market, including our ability to introduce and bring to market quantities of attractive, competitively priced Nokia products with Windows Phone that are positively differentiated from our competitors' products, both outside and within the Windows Phone ecosystem;
- 3) our ability to produce attractive and competitive devices in our Mobile Phones business unit, including feature phones and devices with features such as full touch that can be categorised as smartphones, in a timely and cost efficient manner with differentiated hardware, software, localised services and applications;
- 4) the success of our HERE strategy, including our ability to establish a successful location-based platform and extend our location-based services across devices and operating systems;
- 5) our ability to provide support for our Devices & Services business and maintain current and create new sources of revenue from our location-based service and commerce assets;

- 6) our ability to protect numerous patented standardised or proprietary technologies from third-party infringement or actions to invalidate the intellectual property rights of these technologies;
- 7) our ability to maintain the existing sources of intellectual property related revenue and establish new such sources;
- 8) the intensity of competition in the various markets where we do business and our ability to maintain or improve our market position or respond successfully to changes in the competitive environment;
- 9) our ability to keep momentum and increase our speed of innovation, product development and execution in order to bring new innovative and competitive mobile products and location-based or other services to the market in a timely manner;
- 10) the success of our partnership with Microsoft in connection with the Windows Phone ecosystem;
- 11) our ability to effectively and smoothly implement the planned changes in our operational structure and achieve targeted efficiencies and reductions in operating expenses;
- 12) our ability to retain, motivate, develop and recruit appropriately skilled employees;
- 13) our dependence on the development of the mobile and communications industry, including location-based and other services industries, in numerous diverse markets, as well as on general economic conditions globally and regionally;
- 14) our ability to maintain and leverage our traditional strengths in the mobile products market, especially if we are unable retain the loyalty of our mobile operator and distributor customers and consumers as a result of the implementation of our strategies or other factors;
- 15) the performance of the parties we partner and collaborate with, including Microsoft, and our ability to achieve successful collaboration or partnering arrangements;
- 16) our ability to deliver our mobile products profitably, in line with quality requirements and on time, especially if the limited number of suppliers we depend on fail to deliver sufficient quantities of fully functional products, components, sub-assemblies, software and services on favourable terms and in compliance with our supplier requirements;
- 17) our ability to manage efficiently our manufacturing and logistics, as well as to ensure the quality, safety, security and timely delivery of our products and services;
- 18) any actual or even alleged defects or other quality, safety and security issues in our products;
- 19) any inefficiency, malfunction or disruption of a system or network that our operations rely on;
- 20) the impact of cybersecurity breach or other factors leading to an actual or alleged loss, improper disclosure or leakage of any personal or consumer data collected by us or our partners or subcontractors, made available to us or stored in or through our products;
- 21) our ability to successfully manage the pricing of our products and costs related to our products and our operations;
- 22) the potential complex tax issues and obligations we may face, including the obligation to pay additional taxes in various jurisdictions and our actual or anticipated performance, among other factors, could result in allowances related to deferred tax assets;
- 23) exchange rate fluctuations, particularly between the euro, which is our reporting currency, and the US dollar, the Japanese yen and the Chinese yuan, as well as certain other currencies;
- 24) our ability to protect the technologies, which we or others develop or which we license, from claims that we have infringed third parties' intellectual property rights, as well as our unrestricted use on commercially acceptable terms of certain technologies in our product and services;

- 25) the impact of economic, regulatory, political or other development on our sales, manufacturing facilities and assets located in emerging market countries as well as the impact of regulations against imports to those countries;
- 26) the impact of changes in and enforcement of government policies, technical standards, trade policies, laws or regulations in countries where our assets are located and where we do business;
- 27) investigations or claims by contracting parties in relation to exits from countries, areas or contractual arrangements;
- 28) unfavourable outcome of litigation, regulatory proceedings or investigations by authorities;
- 29) allegations of possible health risks from electromagnetic fields generated by base stations and mobile devices, and the lawsuits and publicity related to them, regardless of merit;
- 30) Nokia Siemens Networks B.V.'s ("**Nokia Siemens Networks**") success in the mobile broadband infrastructure and related services market and its ability to effectively, profitably and timely adapt business and operations to the diverse needs of its customers;
- 31) Nokia Siemens Networks' ability to maintain and improve its market position and respond successfully to changes and competition in the mobile broadband infrastructure and related services market;
- 32) Nokia Siemens Networks' success in implementing its restructuring plan and reducing its operating expenses and other costs;
- 33) Nokia Siemens Networks' ability to invest in and timely introduce new competitive products, services, upgrades and technologies;
- 34) Nokia Siemens Networks' dependence on limited number of customers and large, multi-year contracts;
- 35) Nokia Siemens Networks' liquidity and its ability to meet its working capital requirements, including access to available credit under its financing arrangements and other credit lines as well as cash at hand;
- 36) the management of Nokia Siemens Networks' customer financing exposure;
- 37) whether ongoing or any additional governmental investigations of alleged violations of law by some former employees of Siemens AG ("**Siemens**") may involve and affect the carrier-related assets and employees transferred by Siemens to Nokia Siemens Networks; and
- 38) any impairment of Nokia Siemens Networks customer relationships resulting from ongoing or any additional governmental investigations involving the Siemens carrier-related operations transferred to Nokia Siemens Networks,

as well as or as described in more detail in the risk factors specified in the "*Risk Factors*" section of this Base Prospectus.

Other unknown or unpredictable factors or underlying assumptions subsequently proving to be incorrect could cause actual results to differ materially from those in the forward-looking statements. Nokia does not undertake any obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

FINAL TERMS, DRAWDOWN PROSPECTUSES AND SUPPLEMENTS

In this section, the expression "*necessary information*" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Issuer has endeavoured to include in this Base Prospectus all of the necessary information, except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus, and which is required in order to complete the necessary information in relation to a Tranche of Notes, will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche of Notes only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as completed by the relevant Final Terms.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes. The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus, unless the context requires otherwise.

In the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus and whose inclusion or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and/or the rights attaching to the Notes, the Issuer will prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with such Notes and any subsequent issue of Notes.

OVERVIEW

This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference.

The overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined in the "*Terms and Conditions of the Notes*" below or elsewhere in this Base Prospectus have the same meanings in this overview.

Issuer:	Nokia Corporation.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under " <i>Risk Factors</i> " below.
Arranger:	Deutsche Bank AG, London Branch.
Dealers:	Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, J.P. Morgan Securities plc and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent:	Citibank, N.A., London Branch.
Final Terms or Drawdown Prospectus:	Notes issued under the Programme may be issued either: (i) pursuant to this Base Prospectus and associated Final Terms; or (ii) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Conditions as completed by the relevant Final Terms or, as the case may be, the relevant Drawdown Prospectus.
Listing and Trading:	Application has been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FCA and to trading on the regulated market of the London Stock Exchange. The Programme also permits Notes to be issued on the basis that they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Initial Programme Amount:	Up to EUR 5,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

Forms of Notes: Notes may be issued in bearer or in registered form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Tranche of Registered Notes will be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms. Each Global Registered Note, which is not intended to be held under the new safekeeping structure (the "**New Safekeeping Structure**" or "**NSS**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for Individual Note Certificates in accordance with its terms. Each Global Registered Note intended to be held under the New Safekeeping Structure, as specified in the relevant Final Terms, will, on or about the relevant issue date, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Registered Note will be exchangeable for Individual Note Certificates in accordance with its terms.

Currencies: Notes may be denominated in Euro, Sterling, U.S. dollars, Japanese Yen, Swiss Francs or in any other currency or currencies, subject to compliance with all applicable legal and/ or regulatory and/or central bank requirements.

Status of the Notes: Notes will be issued on an unsubordinated basis.

Issue Price: Notes may be issued fully-paid at any price. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Maturities: Any maturity specified in the relevant Final Terms, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other

currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("FSMA") by the Issuer.

- Redemption: Notes may be redeemable at the Redemption Amount specified in the relevant Final Terms.
- Optional Redemption:..... Notes may be redeemed before their stated maturity at the option of the Issuer as described in Condition 9(c) (*Redemption and Purchase — Redemption at the option of the Issuer*) and/or the Noteholders as described in Condition 9(e) (*Redemption and Purchase — Redemption at the option of Noteholders*) to the extent (if at all) specified in the relevant Final Terms.
- Tax Redemption: Except as described in "*Optional Redemption*" above, early redemption will only be permitted for tax reasons as described in Condition 9(b) (*Redemption and Purchase — Redemption for tax reasons*).
- Interest: Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
- Denominations:..... The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that (i) the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and (ii) the minimum denomination of each Note will be EUR 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). See also "*Maturities*" above, in relation to Sterling Notes having a maturity of less than one year.
- Negative Pledge:..... The Notes will have the benefit of a negative pledge as described in Condition 5 (*Negative Pledge*).
- Cross Acceleration:..... The Notes will have the benefit of a cross acceleration provision as described in Condition 13 (*Events of Default*).
- Taxation:..... All payments in respect of Notes will be made free and clear of withholding taxes of the Republic of Finland, as the case may be, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 12 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
- Governing Law:..... The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
- Enforcement of Notes in Global Form: In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 26 April 2013, a copy of which will be available for inspection at the specified office of the Fiscal Agent.
- Ratings:..... The rating of certain series of Notes to be issued under the Programme

may be specified in the applicable Final Terms.

In general, European regulated investors are restricted under the CRA Regulation from using a credit rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the European Union or registered under the CRA Regulation but such credit rating is endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation or (2) the credit rating is provided by a credit rating agency not established in the European Union or registered under the CRA Regulation but certification has been provided, in accordance with the CRA Regulation, that such credit rating agency is regulated in a manner equivalent to credit rating agencies registered in the European Union.

If rated Notes are issued, they are expected to be rated by S&P and Moody's. Each of S&P and Moody's are established in the European Union and have been registered under the CRA Regulation.

Selling Restrictions:..... For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, the European Economic Area and Japan, see "*Subscription and Sale*" below.

RISK FACTORS

Set forth below is a description of risk factors that could affect Nokia, starting with the risks which are mainly related to our primary revenue generating areas. There may be, however, additional risks unknown to Nokia and other risks currently believed to be immaterial that could turn out to be material. These risks, either individually or together, could adversely affect our business, sales, profitability, results of operations, financial condition, liquidity, market share, brand, reputation and share price from time to time, which may affect our ability to fulfil our obligations under Notes issued under the Programme. Unless otherwise indicated or the context otherwise provides, references in these risk factors to "Nokia", "we", "us" and "our" mean Nokia's consolidated operating segments. Additional risks primarily related to Nokia Siemens Networks that could affect Nokia are detailed under the heading "Nokia Siemens Networks" below.

The material risks for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should read the entire Base Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

Factors relating to Nokia

We may not be able to make Nokia products with Windows Phone a competitive choice for consumers unless the Windows Phone ecosystem becomes a competitive and profitable global ecosystem that achieves sufficient scale, value and attractiveness to relevant market participants.

We believe that successful smartphone platforms require a successful ecosystem around them. At the heart of the major smartphone ecosystems is the operating system and the development platform upon which smartphones are based and services built. Today, industry participants are creating competing ecosystems of mutually beneficial partnerships to combine hardware, software, services and an application environment to create high-quality differentiated smartphones. Certain smartphone platforms and their related ecosystems have gained significant momentum and market share, specifically Google's Android platform and Apple's iOS platform, and are continuing apace, with Android based smartphones continuing to gain significant market share during 2012 and also reaching lower price points.

We have adopted, and are licensing from Microsoft, Windows Phone as our primary smartphone platform. Although Microsoft will continue to license Windows Phone to other mobile manufacturers, we believe we can differentiate Nokia smartphones from those of our competitors that also use the Windows Phone platform as well as other platforms. The first Nokia smartphones powered by Windows Phone were launched in October 2011 under the Lumia name. We launched additional Windows Phone 7 devices and the first Windows Phone 8 Lumia devices during 2012.

The creation of an ecosystem for Windows Phone smartphones that receives acceptance from contributing parties and reaches sufficient scale is critical to making our Nokia products with Windows Phone a competitive choice. If a successful Windows Phone ecosystem does not materialise in a timely manner, this would have a material adverse effect on sales of our Nokia products with Windows Phone and our profitability, and otherwise significantly impair our ability to compete effectively in the smartphone market. The principal risks and challenges that could prevent the creation of a successful ecosystem for Nokia Windows Phones include the following:

- The Windows Phone platform may not achieve or retain broad or timely market acceptance or be preferred by ecosystem participants, mobile operators and consumers.
- Microsoft has recently launched the Windows 8 operating system used to power personal computers and tablets, and the related Windows Phone 8 operating system is used in the latest Nokia smartphones. The success of Nokia's Windows Phone 8 smartphones will be negatively affected if the Windows 8 platform does not achieve or retain broad or timely market acceptance or is not preferred by ecosystem participants, mobile operators and consumers.
- If we are not successful in our partnership with Microsoft or the benefits of that partnership do not materialise as expected, we may have limited our options to build a competitive smartphone ecosystem

with another partner or join another competitive smartphone ecosystem in a timely or economically profitable manner.

- Other competitive major smartphone ecosystems, primarily Google's Android and Apple's iOS, have advantages that may be difficult for the Windows Phone ecosystem to overcome, such as first mover advantage, momentum, a larger share of the smartphone market, engagement by developers, mobile operators and consumers and brand preference, and their advantages may become greater over time.
- We may not be able to develop sufficient quantities of high quality differentiated Nokia products with Windows Phone in order to achieve the scale needed for a competitive global ecosystem in a timely manner, or at all.
- Applicable developer tools for the Windows Phone platform may not gain needed traction or acceptance in the market, may be introduced late, or when introduced, may not offer technologies that developers are willing to use.
- We may not be able to provide sufficient opportunities to innovate and customise on the Windows Phone platform in order to attract developers and other ecosystem participants seeking to differentiate their offerings on our smartphones from those of our competitors.
- Our competitors may use various technical and commercial means to make the Windows Phone ecosystem unattractive compared to other ecosystems, including for instance hindering application development, not providing tools to allow applications to be developed to industry standard or not allowing certain applications to work or work efficiently on the Windows Phone platform.
- We may not succeed in rapidly expanding the Windows Phone platform and related ecosystem to more affordable smartphones, limiting the expansion of this ecosystem.
- The global ecosystem for the Windows Phone platform may not be flexible enough to allow local ecosystems to develop around and in connection with it. For instance, Microsoft, us and other participants in the Windows Phone ecosystem may not succeed in innovating and developing sufficiently locally relevant services, applications and content in a speedy and cost efficient manner to attract and retain consumers in multiple markets with divergent local needs and preferences.
- The Windows Phone ecosystem is relatively small, and thus it may not be compelling for hardware and software suppliers and developers, which may for instance lead to our reliance on a limited number of suppliers, later availability of the latest innovations and increased cost of components and software.
- Mobile devices are increasingly used with other technical appliances, for instance speakers and car audio systems or have accessories and gadgets that can be used in conjunction with the mobile device. As the Windows Phone ecosystem is relatively small, it may not be compelling for third parties to design such technical appliances, accessories or gadgets to a similar extent as with other ecosystems.
- We may not succeed in creating business models that provide value to other participants in the Windows Phone ecosystem, including ourselves.
- We may not be able to change our mode of working or culture sufficiently to collaborate effectively and efficiently both internally and externally with a large community of partners.
- Consumers may be reluctant to provide personal data to us as a result of our partnership with Microsoft, which would hamper the success of the Windows Phone ecosystem.
- The frequency of Windows Phone operating system updates may be too slow and the platform may be too closed to address changing market and customer requirements in a timely manner, which may erode customer support and consumer attractiveness of the platform.
- Emergence of new alternative ecosystems and platforms could make the Windows Phone ecosystem less attractive to customers and consumers.

Our success in the smartphone market depends on our ability to introduce and bring to market quantities of attractive, competitively priced Nokia products with Windows Phone that are positively differentiated from

our competitors' products, both outside and within the Windows Phone ecosystem, and receive broad market acceptance.

Our strategy is to compete in the smartphone market with Nokia products with Windows Phone. Our plans to further introduce and bring to market quantities of attractive, competitively priced Nokia products with Windows Phone that receive broad market acceptance and are positively differentiated from competitors' products, both outside and within the Windows Phone ecosystem, are subject to certain risks and uncertainties, which could, either individually or together, significantly impair our ability to compete effectively in the smartphone market.

The principal risks and uncertainties in addition to the factors outlined in the above risk factor that could undermine the competitive position of our Nokia products with Windows Phone include the following:

- Our strategy for Nokia products with Windows Phone may not enable us to achieve in a timely manner the necessary scale, product breadth, geographical reach and localisation to be sufficiently competitive in the smartphone market.
- The Microsoft Windows Phone platform may not support the hardware configurations required to succeed in becoming a sufficiently price competitive platform and may limit our ability to develop a price competitive smartphone portfolio of products or bring certain hardware capabilities at the higher price points.
- We may not be able to introduce a compelling portfolio of Nokia products with Windows Phone that include new hardware and design innovations. Additionally, we may not be able to introduce functionalities such as advanced imaging and sensor technology, location-based services and entertainment or otherwise customise our Nokia products with Windows Phone in order to positively differentiate our products from competitors' products, both outside and within the Windows Phone ecosystem.
- Consumers may not prefer the Windows Phone user experience, interface or software functionality.
- We may face delays in bringing our Nokia products with Windows Phone to various markets due to, for instance, manufacturing difficulties, delays in software and/or hardware development or product or sales package customisation to accommodate various markets or operator requests.
- We may face issues in selecting, engaging or securing support from leading operators and retailers for the initial launches and sales ramp up of our Nokia products with Windows Phone due to, for instance, inadequate sales incentives, lack of proper training of sales personnel, insufficient marketing support and experience in generating interest for a still relatively unfamiliar Windows Phone platform in an otherwise highly competitive market. Delayed or non-optimal initial launches and sales ramp up could result in diminished support from leading operators and retailers and low consumer interest for subsequent launches of our Nokia products with Windows Phone and may also adversely affect our Nokia brand generally and sales of our other Nokia mobile products.
- We may not succeed in creating a high level of consumer interest for our Nokia products with Windows Phone, in converting interest for our Nokia products with Windows Phone to purchase decisions or in making the Nokia brand more desirable than brands of our competitors in smartphones.
- Microsoft may not be able to provide the software innovations and features we rely on for the Windows Phone operating system in a timely manner, if at all. Additionally, we are dependent on Microsoft for timely error corrections for customer and country variants as well as generic software releases.
- Our competitors may provide incentives to operators, retailers or developers that may make it unattractive for them to support Nokia products with Windows Phone, or our competitors may use various technical and commercial means to make it unattractive for consumers that currently use another product to purchase Nokia products with Windows Phone, including for instance hindering application development, not providing tools to allow applications to be developed to industry standards or not allowing certain applications to work or work efficiently on the Windows Phone platform.

- In choosing to adopt Windows Phone as our primary smartphone platform, we may forgo more competitive alternatives achieving greater and faster acceptance in the smartphone market. If the benefits of the Microsoft partnership do not materialise as expected, more competitive alternatives may not be available to us in a timely manner, or at all.
- Other manufacturers also produce competing mobile products which are based on the Windows Phone operating system. We may face increased competition from other manufacturers, including Microsoft, who already produce or may produce competing Windows Phone based products. Increased competition within the Windows Phone ecosystem could result for instance in lower sales of our devices or lower potential for a profitable business model.
- Our strategy for Nokia products with Windows Phone may erode our brand identity in markets where we are traditionally strong and may not enhance our brand identity in markets where we are weak. For example, our association with the Microsoft brand may not accelerate our access to a broader market in the United States.
- We are aiming to expand our Windows Phone based products to lower price points. The availability of Windows Phone-based products that we or our competitors offer at lower price points may have a negative effect on the sales of our higher priced Windows Phone based products.

We may not be able to produce attractive and competitive devices in our Mobile Phones business unit, including feature phones and devices with features such as full touch that can be categorised as smartphones, in a timely and cost efficient manner with differentiated hardware, software, localised services and applications.

The feature phone market, also referred to as the mobile phone market and a traditional area of strength for us, is undergoing significant changes. Today, a feature phone-specific ecosystem has emerged involving very low-cost components and manufacturing processes. Speed to market and attractive pricing are critical factors for success in affordable devices. In particular, the availability of complete mobile solutions chipsets and software from low-cost reference design chipset manufacturers has enabled the very rapid and low-cost production of feature phones, increasingly at lower price points, by numerous manufacturers particularly in China and India, which are gaining significant market share in emerging markets, as well as bringing some locally relevant innovations to the market.

Many mid-range to high-end feature phones increasingly offer access to the Internet and applications and provide more smartphone-like features and design, blurring the distinction between smartphones and feature phones and can be categorised as smartphones. We are subject to intense competition over the entire spectrum we address through our Mobile Phones business unit from very low-cost voice centric devices to devices that can be categorised as smartphones. Smartphones of other manufacturers, particularly Android-based smartphones, are reaching lower price points, which is increasingly reducing the addressable market and lowering the price points for feature phones and competing with the higher-end devices from our Mobile Phones portfolio.

Accordingly, we need to produce devices for our Mobile Phones portfolio in a timely and cost-efficient manner with differentiated user experience, hardware, software, localised services and applications that attract new users and connect new and existing users to an affordable Internet and application experience. If we are unable to produce competitive devices at various price points for our Mobile Phones portfolio, our business, results of operation and financial condition could be materially and adversely affected. The success of our Mobile Phones business unit is subject to certain risks and uncertainties, including the following:

- We may not be able to leverage our traditional competitive strengths of scale in manufacturing and logistics, as well as in our marketing and sales channels for instance, to increase the speed to market in a sufficiently cost-competitive manner, particularly with mobile operators and consumers requiring increasing customisation to meet divergent local needs and preferences.
- The market we address with the more affordable devices from our Mobile Phones business unit may further reduce in size if the higher-end price points become dominated by more affordable smartphones, such as Android-based smartphones, and the higher-end devices from our Mobile Phones business unit are not sufficiently competitive compared to those.

- The features of higher end devices from our Mobile Phones business unit may not be sufficiently competitive compared to more affordable smartphones, such as Android-based smartphones.
- Our estimates of the growth potential in the markets we address through our Mobile Phones business unit may not be accurate and as such result in misplaced investments of resources.
- In some regions, overall market demand for feature phones may decline further.
- Speed of shifts in market development and demand, for example, related to 2G, 3G and 4G mobile communication technology transitions and requirements, may be faster than we have anticipated, making our Mobile Phones portfolio less competitive if we are unable to timely develop and produce devices addressing such shifts.
- We are using our internally developed platforms for our devices from the Mobile Phones business unit, which may hinder our ability or increase our costs in integrating hardware and sourcing components and other parts due to limitations in the platform and vendors tooling their supply and configurations for devices that operate on other platforms.
- If the platforms that we use for our devices from the Mobile Phones business unit are not sufficiently competitive or otherwise optimal for our devices, developing the platform or switching to another platform may be time-consuming and costly, and there are no guarantees that our competitive position would benefit from such actions or that the development costs would result in a positive return on our investments. If the attractiveness of the platforms we use in the Mobile Phones business unit deteriorates, corrective actions will consume time and resources from us and may not lead to desired results, and may expose our Mobile Phones business unit to a significant deterioration in competitiveness.
- The platforms that we use for our devices from our Mobile Phones business unit may not be sufficiently attractive, flexible and cost efficient for application developers and other partners to create a vibrant ecosystem for devices with increasingly smartphone-like features, such as Internet access and applications.
- There are shifts in the desired features and products in the market that are appealing to customers and consumers and such shifts may not be in our favour from a net sales or profitability perspective; for instance, QWERTY devices have been a traditional strength for us, but the overall market demand for QWERTY devices has declined and is expected to continue to decline.
- We may not succeed in innovating and developing sufficiently locally relevant services, applications and content in a speedy and cost-efficient manner to attract and retain consumers in multiple markets with divergent local needs and preferences.
- Management focus and allocation of resources on the development and launches of our Nokia products with Windows Phone and the creation of a successful ecosystem for Windows Phone smartphones with Microsoft may result in less management focus and resources being provided to our Mobile Phones business unit, as well as reduced monetary allocation for instance, to product marketing.
- There may be elements in the ecosystems for our devices from our Mobile Phones business unit that are not in other ecosystems we support, such as the Windows Phone ecosystem, which may require additional resources and duplicative investments by us.

Our strategy for our HERE business includes various risks and uncertainties and may not succeed if we are unable to establish a successful location-based platform, extend our location-based services across devices and operating systems, maintain current sources of revenue, provide support for our HERE business and create new sources of revenue from our location-based services and commerce assets.

The HERE business is exposed to various risks and uncertainties, including the following:

- The existing map license data customers may choose not to purchase, or purchase less, content or services from our HERE business.

- We may have inaccurately predicted market developments in, or market size of, the automotive navigation and personal navigation devices markets or we may lose market share to other manufacturers or other devices offering navigation solutions, for instance smartphones.
- We may not be able to use our location-based assets to compete on a standalone basis or support the overall Nokia strategy.
- HERE is a recently launched brand and platform and as such may be disadvantaged to more established brands and platforms.
- We may not be able to establish a successful location-based platform through HERE if other competing location-based platforms are preferred by customers and consumers.
- We may not be able to establish a successful HERE application suite for the platforms we are targeting.
- Investments into new business opportunities may not give a return on investment as planned, or at all.
- We may not succeed in attracting strategic partners and developers to develop and support our ecosystem around our HERE offering, or provide services that are supported by relevant ecosystems.
- We may fail to attract business partners and merchants to our service offerings.
- The service offering we currently provide may not be competitive or another participant may provide a more competitive new offering in the future or new more efficient or affordable ways of map content creation are introduced which may disrupt our own business models.
- The advertising and local commerce business opportunities we target may not grow as expected or have the possibilities for profitable business in line with our expectations.
- The HERE business may not succeed in creating integrated social location offerings in support of our strategic goals in smartphones, including Nokia products with Windows Phone, or support our efforts to connect the next billion people to the Internet and information, which would negatively affect our ability to offer compelling and differentiated mobile products.
- Any Microsoft partnership business model to integrate our location-based assets with Microsoft's platform to generate new sources of revenue for us may not materialise as expected, or at all.
- If our HERE business does not generate revenue as before or new sources of revenue for us do not materialise as expected, or at all, that business may not generate positive operating cash flow, and this or other factors may lead to the decrease in value of our location-based services and commerce assets and may result in further impairment charges.
- Due to changes in the competitive position of our Devices & Services business and other factors, HERE's profitability has been, and may in the future be, adversely affected by lower recognised revenue from internal sales which generally carry a higher gross margin compared to external sales.

Our products include numerous patented standardised or proprietary technologies on which we depend and utilise for revenue generation. Third parties may use without a license and unlawfully infringe our intellectual property or commence actions seeking to establish the invalidity of the intellectual property rights of these technologies, or we may not be able to maintain the existing sources of intellectual property related revenue or establish new such sources.

Our products include numerous patented standardised or proprietary technologies on which we depend. Despite the steps that we have taken to protect our technology investment with intellectual property rights, we cannot be certain that any rights or pending applications will be granted or that the rights granted in connection with any future patents or other intellectual property rights will be sufficiently broad to protect our technology. Third parties may infringe our intellectual property relating to our proprietary technologies or by ignoring their obligation to seek a license under our standard essential patents.

Any patents or other intellectual property rights that are granted to us may be challenged, invalidated or circumvented, and any right granted under our patents may not provide competitive advantages for us. Other

companies have commenced and may continue to commence actions seeking to establish the invalidity of our intellectual property, for example, patent rights. In the event that one or more of our patents are challenged, a court may invalidate the patent or determine that the patent is not enforceable, which could harm our competitive position. The outcome of court proceedings is difficult to predict and as such our ability to utilise intellectual property for revenue generation is dependent on favourable court rulings. Increasingly, patent litigation may be commenced in new jurisdictions, for instance if unitary patent protection regimes are introduced, where the outcome of the proceeding can be even more difficult to predict than in established jurisdictions for patent disputes. Also, if any of our key patents are invalidated, or if the scope of the claims in any of these patents is limited by a court decision, we could be prevented from using such patents as a basis for product differentiation or from licensing the invalidated or limited portion of our intellectual property rights, or we could lose part of the leverage we have in terms of our own intellectual property rights portfolio. Even if such a patent challenge is not successful, it could be expensive and time consuming, divert attention of our management and technical personnel from our business and harm our reputation. Any diminution of the protection that our own intellectual property rights enjoy could cause us to lose some of the benefits of our investments in research and development.

In 2012, we continued to work to enforce our patents against unlawful infringement and realise the value of our intellectual property, including filing patent suits, entering into patent license agreements and through divesting patents. Patent license agreements can cover both licensee's past and future sales. The portion of the income that relates to past sales is not expected to have a recurring benefit and ongoing patent income from licensing is generally subject to various factors that we have little or no control over, for instance sales by the licensees. There are no guarantees that our actions to generate intellectual property-related revenue will lead to favourable outcomes, such as patent license agreements on favourable terms to us or that we would be able to utilise our patent portfolio for revenue generation to a similar extent going forward. While we have various licensees, a significant portion of licensing revenues is generated from a limited number of licensees and as such issues or ends of contracts in relation to these select licensees could have a significant effect. Due to various reasons including the above, our intellectual property related revenue can vary considerably from time to time and there are no guarantees that past levels are indicative of future levels of intellectual property related revenue.

We face intense competition in mobile products and in the digital map data and related location-based content and services markets.

We experience intense competition in every aspect of our business and across all markets for our mobile products. Mobile products markets are segmented, diversified and increasingly commoditised. We face competition from a growing number of participants in different user segments, price points and geographical markets, as well as layers of the mobile product using different competitive means in each of them. Such layers include the hardware and component layers as well as the software and application layers of a mobile product. In some of those layers, we may have more limited experience and scale than our competitors. This makes it more difficult and less cost-efficient for us to compete successfully with differentiated offerings across the whole mobile products market against more specialised competitors. It also limits our ability to leverage effectively our scale and other traditional strengths, such as our brand, hardware assets, manufacturing and logistics, distribution, strategic sourcing, research and development, intellectual property and design, to achieve significant advantages compared to our competitors. We have been historically more successful where our mobile devices are sold to consumers in open distribution through non-operator parties. The increase in markets with operator-driven distribution and business models where operator subsidies are prevalent may adversely affect our ability to compete effectively in those markets. We are increasingly seeing such developments taking place in markets where we have been traditionally strong, for instance in China. Additionally, our scale benefits may be adversely affected as new regional or operator requirements are introduced.

In the smartphone market, we face intense competition from traditional mobile device manufacturers and companies in related industries, such as Internet based product and service providers, mobile operators, business device and solution providers and consumer electronics manufacturers. Some of those competitors are currently viewed as more attractive partners for application developers, content providers and other key industry participants, resulting in more robust global ecosystems and more appealing smartphones; have more experience, skills, speed of product development and execution, including software development, and scale in certain segments of the smartphone market; have a stronger market presence and brand recognition for their smartphones; have created different business models to tap into significant new sources of revenues, such as advertising and subscriptions; or generally have been able to adjust their business models and operations in an effective and timely manner to the developing smartphone and related ecosystem market requirements.

The availability and success of Google's Android platform has made entry and expansion in the smartphone market easier for a number of hardware manufacturers which have chosen to join the Android ecosystem, especially at the mid-to-low range of the smartphone market. Additionally, this is increasingly reducing the addressable market and lowering the price points for Nokia feature phones. Product differentiation is more challenging, however, potentially leading to increased commoditisation of Android-based devices with the resulting downward pressure on pricing.

The significant momentum and market share gains of the global ecosystems around the Android platform, where Samsung is the dominant participant, and Apple's iOS platform have increased the competitive barriers to additional entrants looking to build a competing global smartphone ecosystem. In 2012, driven by successful product launches, the value market share of Android-based and Apple products continued to increase, with Samsung and Apple together capturing the majority of the profits in the smartphone market in 2012. These two entrenched ecosystems also captured the vast majority of smartphone applications and services by easily attracting third-party software developers to their ecosystems and, as a result, realised much of the industry profits made on applications and services. The dominance of the Android and Apple ecosystems makes the growth of other ecosystems, such as the Windows Phone ecosystem, increasingly more difficult. At the same time, other ecosystems are being built which are attracting developers and consumers, and may result in fragmentation among ecosystem participants and the inability of new ecosystems to gain sufficient competitive scale.

During the transition of our smartphones to the Windows Phone platform, our competitors have and, as we target to grow this ecosystem, will continue to endeavour to attract our current and future consumers, mobile operators and other customers to their smartphone offerings. Our competitors use aggressive business strategies in attracting and retaining customers while dissuading their switching to other products. If our competitors succeed in that endeavour, our smartphone market share could erode further, which we may not be able to regain with new Nokia products with Windows Phone.

In the feature phone market, an increasing number of our competitors, particularly recent entrants, have used, and we expect will continue to use, more aggressive pricing and marketing strategies, different design approaches and alternative technologies that consumers may prefer over our offering of feature phones. For example, certain industry participants bundle mobile device deals with their networks' deals. Some competitors, with lower profitability expectations, have chosen to focus on building feature phones based on commercially available components, software and content, in some cases available at very low or no cost, which enables them to introduce their products much faster and at significantly lower cost to the consumer than we are able to do. Smartphones of other manufactures, particularly Android-based smartphones, are reaching lower price points which is increasingly reducing the addressable market and lowering the price points for feature phones and may adversely affect our feature phone business. We have devices with features such as full touch that can be categorised as smartphones in our Mobile Phones business unit which face competition from other smartphone like and smartphone devices such as Android-based devices.

We are also seeing the emergence of various local mobile device manufacturers that are strong in a certain country or region, especially in emerging markets. Success of such competitors could adversely affect sales of our mobile devices in various countries such as China, Indonesia and India where we have been traditionally strong.

We also face competition from vendors of legitimate, as well as unlicensed and counterfeit, products with manufacturing facilities primarily centred around certain locations in Asia and other emerging markets. The entry barriers for these vendors are very low as they are able to take advantage of licensed and unlicensed commercially available free or low-cost components, software and content. Our failure to provide low-cost differentiated alternatives for consumers in a timely manner or to enforce our intellectual property rights adversely affects our ability to compete efficiently in the market for feature phones and more affordable smartphones. Some of our competitors may also benefit from governmental support in their home countries and other measures that may have protectionist objectives. These factors could reduce the price competitiveness of our feature phones and have an adverse effect on our sales and profitability.

The growing significance of ecosystems has further reinforced the importance of product design as a means for differentiating offerings from others within the same or a different ecosystem. Additionally, together with the growth of cloud computing, where data and services are hosted by remote servers rather than on devices themselves, ecosystems are also leading some vendors to pursue a strategy of developing and providing devices and electronic products of different form factors and screen sizes, such as mobile devices, tablets and televisions and software which make them compatible and support their smooth interaction with one another. As

consumers acquire different devices, some may choose to purchase products and services from only one ecosystem or vendor. If our competitors succeed in capturing markets where we are not currently present, this could erode our competitive position. For instance, we currently do not have tablets or other adjacent products in our mobile product portfolio, which may result in our inability to compete effectively in the tablet and developing multi-screen market segments in the future or forgoing those potential growth opportunities, and may also have an adverse effect on the desirability of our smartphones.

Consumers may be more reluctant to provide personal data to us, which would hamper our competitive position in terms of our current business models, or new business models, that rely on access to personal data. For instance, the possible inability to collect and utilise consumer behavioural data may prevent us from efficiently developing products and services, do efficient marketing, take actions to enable consumer retention and work efficiently with service developers.

A key component of our current strategy is investment in future disruptive technologies, including investment in longer-term market exploration of next-generation devices, platforms and user experiences. Additionally, we continuously seek new business and monetisation models. Certain of our competitors have significant resources to invest in market exploration and seek new monetisation models or drive industry development and capture value in areas where we are not competitive. Those areas can be, for instance, monetisation models linked to the use of large amounts of consumer data, large connected communities, home entertainment services and alternative payment mechanisms. We may not be able to invest our own resources to compete in these areas, which may in the future prove a competitive disadvantage for us. If we fail in these aspects of our strategy, we may not realise a return on our investments or may incur operating losses and impair our competitiveness for the longer-term.

With respect to digital map data and related location-based content, several global and local companies, as well as governmental and quasi-governmental agencies, are making more map data with improving coverage and content, and high quality, available free of charge or at lower prices. For example, our HERE business competes with Google which uses an advertising based model allowing consumers and companies to use its map data and related services in their products free of charge to consumers. Google has continued to leverage Google Maps as a differentiator for Android bringing certain new features and functionality to that platform. Apple has also sought to strengthen its location assets and capabilities through targeted acquisitions and organic growth.

HERE also competes with companies such as TomTom, which licenses its map data and where competition is focused on the quality of the map data and pricing, and Open Street Map, which is a community generated open source map available to users free of charge. Aerial, satellite and other location-based imagery is also becoming increasingly available and competitors are offering location-based products and services with the map data to both business customers and consumers in order to differentiate their offerings. Those developments may encourage new market entrants, cause business customers to incorporate map data from sources other than our HERE business or reduce the demand for fee based products and services which incorporate the HERE map database. Accordingly, our HERE business must positively differentiate its digital map data and related location-based content from similar offerings by our competitors and create competitive business models for our customers.

Our failure to keep momentum and increase our speed of innovation, product development and execution will impair our ability to bring new innovative and competitive mobile products and location-based or other services to the market in a timely manner.

We need to identify and understand the key market trends and user segments to address consumers' expanding needs in order to bring new innovative and competitive mobile products and location-based or other services to market in a timely manner. We must follow, anticipate and be able to respond with speed to these key market trends, and actively create future trends in the market, through our product development processes. We also need to execute efficiently in creating and developing competitive products, and in bringing our products to market in a timely manner with compelling marketing messages that succeed in retaining and engaging our current, and attracting new, customers and consumers.

We have made changes to our strategy in recent years including the introduction of a sharpened strategy and further rebalancing measures in 2012. This sharpened strategy included among other things reductions within certain research and development projects, consolidation of certain manufacturing operations, focusing of marketing and sales activities, including prioritising key markets, streamlining certain functions, and planned reductions related to non-core assets. We may face adverse effects due to these measures: for instance, we may

reduce marketing spend which may lead to less demand for our products or we may exit certain markets which may result in lower net sales. The operational changes in our focused strategy may lead to further dominance by competitors such as Samsung and Apple as well as other competitors.

Our inability to innovate, develop and bring our mobile products and location-based or other services to market and delays in the ramp up of new product deliveries may result from a variety of factors, including failure to anticipate consumer trends and needs; insufficient and ineffective internal and external execution in our research and product development processes; an inability to secure necessary components or software assets from suppliers in sufficient quantities on a timely basis; or an inability to improve our time to market, including the introduction of innovations, through execution challenges in relation to our shift of most of our mobile device assembly to our manufacturing facilities in Asia where a majority of our suppliers are located. Additionally, the software complexity and integration of the hardware and software functionalities may cause unforeseen delays even close to the anticipated launch of the mobile product. We continue to be dependent on component providers, contract manufacturers, application developers and other partners, which can lead to additional challenges and delays that are largely outside of our control.

We operate in a fast paced and innovative industry. Our business may require significant investment to innovate and grow successfully. Such investments may include research and development, licensing arrangements, acquiring businesses and technologies, recruiting specialised expertise and partnering with third parties. Those investments may not, however, result in technologies, products or services that achieve or retain broad or timely market acceptance or are preferred by application developers, our customers and consumers. We have also made, and may make in the future, such investments through acquisitions. We may, however, fail to successfully complete planned acquisitions or integrate the acquired businesses or assets or retain and motivate their key employees.

Our ability to innovate and the need to increase the speed of our product development and execution are critical to the success of our current strategies and in bringing products and location-based or other services to market in a timely manner. In addition to the factors described above, delays in innovation, product development and execution may result from the added complexity of working in partnership with Microsoft to produce Nokia products with Windows Phone. For example, we may not be successful in our mode of working to collaborate effectively and efficiently with Microsoft, or be able to develop the necessary infrastructure to manufacture Nokia products with Windows Phone, source the right chipsets and generally integrate the hardware and software that both we and Microsoft are contributing. There may be elements in certain ecosystems that we support that are not in other ecosystems that we support, which require additional resources and duplicative investments by us.

Failures or delays in understanding or anticipating market trends or delays in innovation, product development and execution may result in a suboptimal portfolio of mobile products and location-based or other services, gaps in certain price points or an uncompetitive offering. Our failure to deliver mobile products in a timely fashion to markets and in sufficient quantities not only may have a negative effect on our market share, net sales and profitability, but may also erode our brand through consumer disappointment. Moreover, our customers and consumers expect that the services and applications provided with and in connection with our mobile products are positively differentiated from our competitors' offerings, have the same or more capabilities than those of our competitors, function properly and are of high quality. If we fail in launching the services, have insufficient breadth of available applications or content, have inadequate or unsuccessful updates to them or there are other defects or quality issues with our mobile products, including the operating platform, software and user interface, this may cause consumer retention and engagement for our mobile products to deteriorate.

Our partnership with Microsoft is subject to risks and uncertainties.

In addition to the factors outlined above in connection with the Windows Phone ecosystem and sales of Nokia products with Windows Phone, our partnership with Microsoft is subject to certain risks and uncertainties, which could, either individually or together, significantly impair our ability to compete effectively in the smartphone market. A further change in smartphone strategy either by Microsoft or Nokia could be costly and further adversely affect our market share, competitiveness and profitability. Risks and uncertainties related to our partnership with Microsoft include the following:

- The agreements with Microsoft may include terms that prove unfavourable to us or Microsoft could provide better support to another device manufacturer which produces devices that run on the Windows Phone platform.

- We may not succeed in creating a profitable business model as we have transitioned from our own royalty-free smartphone platform to the royalty based Windows Phone platform due to, among other things, our inability to offset our higher cost of sales resulting from our software royalty payments to Microsoft with new revenue sources and a reduction of our operating expenses, particularly our research and development expenses.
- We will need to continue to innovate and find additional ways to create patentable inventions and other intellectual property, particularly as we invest less than before in our own development under the Microsoft partnership. As a result, we may not be able to generate sufficient patentable inventions or other intellectual property to maintain, for example, the same size and/or quality patent portfolio as we have historically.
- We license from Microsoft the Windows Phone operating system as our primary smartphone platform. Microsoft may act independently of us with respect to decisions and communications on that operating system which may have a negative effect on us. Moreover, if Microsoft reduces investment in that operating system or discontinues it, our smartphone strategy would be directly negatively affected by such acts.
- Microsoft may make strategic decisions or changes that may be detrimental to us. For example, in addition to the Surface tablet, Microsoft may broaden its strategy to sell other mobile devices under its own brand, including smartphones. This could lead Microsoft to focus more on their own devices and less on mobile devices of other manufacturers that operate on the Windows Phone platform, including Nokia.
- We may not be able to sufficiently influence Microsoft in bringing the features or functionalities for the Windows Phone platform that we deem most important, or Microsoft may otherwise focus on other areas of its business leading to reduced resources devoted to the Windows Phone platform or failures to implement features or functionalities. This may be heightened if our position in the partnership deteriorates, for instance through other companies using leverage to influence Microsoft, or if Microsoft chooses to develop its own mobile devices, including smartphones, or if Microsoft otherwise develops interests that are contrary to ours.
- The implementation and ongoing fostering and development of the Microsoft partnership will require significant time, attention and resources of our senior management and others within the organisation potentially diverting their attention from other aspects of our business.
- The ongoing fostering and development of the Microsoft partnership may cause disruption and dissatisfaction among employees reducing their motivation, morale and productivity, causing inefficiencies and other problems across the organisation and leading to the loss of key personnel and the related costs in dealing with such matters.
- We may not have or be able to recruit, retain and motivate appropriately skilled employees to implement successfully our strategies in relation to the Windows Phone platform and to work effectively and efficiently with Microsoft and the related ecosystem.
- New business models require access and sometimes possession of consumer data. If we do not have such access within our own control, this may hinder our ability to pursue such opportunities.
- We may be required or choose to share with Microsoft personal or consumer data that has been made available to us, which could increase the risk of loss, improper disclosure or leakage of such personal or consumer data or create negative perceptions about our ability to maintain the confidentiality of such data.
- New sources of revenue expected to be generated from the Microsoft partnership, such as leveraging the Microsoft advertising assets to build and achieve the required scale for a Nokia based online advertising platform on our smartphones and increased monetisation opportunities for us in services, may not materialise as expected, or at all.
- We may not be able to change our mode of working or culture to enable us to work effectively and efficiently with Microsoft in order to realise the stated benefits of the partnership in a timely manner.

- The implementation and ongoing fostering and development of the Microsoft partnership may cause dissatisfaction and adversely affect the terms on which we do business with our other partners, including mobile operators, developers, distributors and suppliers, or foreclose the ability to do business with new such partners.

We may not be able to effectively and smoothly implement the planned changes in operational structure or achieve targeted efficiencies and reductions in operating expenses and we may not be able to retain, motivate, develop and recruit appropriately skilled employees, which may hamper our ability to implement our strategies.

We have announced a number of changes to our Devices & Services and location-based strategy and operational structure during 2011 and 2012. The implementation of these strategies and changes in operational structure have had and are further expected to have significant impacts on our operations and personnel. Additionally, reorganisations and restructurings result in cash outflows related to such activities, as well as restructuring charges and associated impairments. We may not be able to accurately estimate the restructuring charges and restructuring related cash outflows. We have announced that we target to reduce our Devices & Services operating expenses to an annualised run rate of approximately EUR 3.0 billion by the end of 2013, excluding special items and purchase price accounting related items. This reduction is expected to come from a variety of different sources and initiatives. We cannot guarantee that we will achieve or sustain the targeted benefits, which could result in further restructuring efforts. In addition, we cannot guarantee that the benefits, even if achieved, will be adequate to meet our long term growth and profitability targets. Additionally, in November 2011 Nokia Siemens Networks announced plans for a strategic shift and restructuring targeted to maintain long term competitiveness and improve profitability discussed below under risks primarily related to Nokia Siemens Networks.

These strategies also involve changing our mode of working and culture to facilitate speed and agility in innovation, product development and are aimed at increasing the efficiency of execution and bringing more accountability for achieving results. Organisational changes of this nature consume significant time, attention and resources of senior management and others within the organisation, potentially diverting their attention from other aspects of our business. Additionally, when such changes are planned and implemented they may cause disruption and dissatisfaction among employees, as well as fatigue due to the cumulative effect of several other reorganisations in the past few years. As a result, employee motivation, morale and productivity may be reduced causing inefficiencies and other problems across the organisation and leading to the loss of key personnel and the related costs associated in dealing with such matters. Moreover, our employees may be targeted by our competitors during the implementation of our strategies, and some employees may be more receptive to such offers leading to the loss of key personnel. These factors may have a more pronounced adverse effect due to the cumulative effect of the previous reorganisations. Should we fail to implement new operational structures effectively and smoothly and effect the changes in our mode of working and culture, the efficiency of our operations and performance may be affected, which could have a material adverse effect on our business and results of operations, particularly our profitability.

Our success is dependent on our ability to retain, motivate, develop through constant competence training, and recruit appropriately skilled employees with a comprehensive understanding of our current and future businesses, technologies, software and products. This is particularly important as we need highly skilled, innovative and solutions oriented personnel with new capabilities. The potential impacts noted above of the operational changes being implemented throughout our organisation, as well as the cumulative effect of several other reorganisations in the past few years, may make it more difficult to attract the new personnel we may need to implement our strategies successfully. We may need to adjust our compensation and benefits policies and take other measures to attract, retain and motivate skilled personnel. This will require significant time, attention and resources of senior management and others within the organisation and may result in increased costs. We have encountered, and may encounter in the future, shortages of appropriately skilled personnel, which may hamper our ability to implement our strategies and materially harm our business and results of operations.

Relationships with employee representatives are generally managed at site level and most collective bargaining agreements have been in place for several years. Our inability to negotiate successfully with representatives or failures in our relationships with the representatives could result in strikes by the workers and/or increased operating costs as a result of higher wages or benefits paid to employees as the result of a strike or other industrial action. This may affect our ability to implement planned reorganisations and restructurings or increase the amount of associated time or cost. If our employees were to engage in a strike or other work stoppage, we could experience a significant disruption of operations and/or higher ongoing labour costs.

Our sales and profitability are dependent on the development of the mobile and communications industry, including location-based and other services industries, in numerous diverse markets, as well as on general economic conditions globally and regionally.

Our sales and profitability are dependent on the development of the mobile and fixed communications industry in numerous diverse markets in terms of the number of new mobile subscribers, the number of existing subscribers who upgrade or replace their existing mobile devices and the number of active users of applications and services on our devices. In certain low penetration markets, in order to support a continued increase in mobile subscribers, we continue to be dependent on our own and mobile network operators' and distributors' ability to increase the sales volumes of lower cost mobile devices and on mobile network operators to offer affordable tariffs and tailored mobile network solutions designed for a low total cost of ownership. In highly penetrated markets, we are more dependent on our own and mobile network operators' ability to successfully introduce value added products, such as smartphones that drive the upgrade and replacement of devices, as well as ownership of multiple devices. We are also dependent on developers' interest and success in creating value added applications and other content in our products to achieve differentiation and additional consumer demand.

Our location-based and other services business is dependent on the development of a wide variety of products that use its data, the availability and functionality of such products and the rate at which consumers and businesses purchase those products. Nokia Siemens Networks is dependent on the pace of investments made by mobile network operators and service providers in network infrastructure and related services. If we and the other market participants are not successful in our attempts to increase subscriber numbers, stimulate increased usage or drive upgrade and replacement sales of mobile devices and develop and increase demand for value added services, or if mobile network operators and service providers invest in the related infrastructure and services less than anticipated, our business and results of operations could be materially adversely affected.

As we are a global company with sales in most countries of the world, our sales and profitability are dependent on general economic conditions globally and regionally. The traditional mobile communications industry has matured to varying degrees in different markets and, consequently, the industry is more vulnerable than before to the negative impacts of deteriorations in global economic conditions. Although the global economy continued to recover and grow in 2012 the growth was slower than in 2011 and in 2010. In 2012, the global economic growth was adversely impacted by the European debt crisis as well as the uncertainty around the implementation and timing of the fiscal consolidation in the United States, casting doubt on the sustainability of the recovery in the various markets where we do business. Indeed, the concerns regarding the ongoing European debt crisis discussed below, whether real or perceived, could result in a recession, prolonged economic slowdown or otherwise negatively affect the general health and stability of the economies in certain regions where we do business. The overall economic uncertainty is making it difficult to estimate for business planning purposes the impact and timing of changes in economic conditions in the various markets where we do business. In 2012, we also witnessed political unrest in various regions where we do business, which adversely affected our sales in those markets.

Uncertainty or deterioration in global economic conditions or a recurrence or escalation of political unrest may result in our current and potential customers and consumers postponing or reducing spending on our products. In addition, mobile network operators may reduce the device subsidies that they offer to the consumers or attempt to extend the periods of contracts that obligate the consumer to use a certain device and postpone or reduce investment in their network infrastructure and related services. The demand for digital map information and other location-based content by automotive and mobile device manufacturers may decline in relation to any further contraction of sales in the automotive and consumer electronics industry. In addition, any further deterioration in the global or regional economic conditions may:

- Limit the availability of credit or raise the interest rates related to credit which may have a negative impact on the financial condition, and in particular on the purchasing ability, of some of our distributors, independent retailers and network operator customers and may also result in requests for extended payment terms, credit losses, insolvencies, limited ability to respond to demand or diminished sales channels available to us.
- Cause financial difficulties for our suppliers and collaborative partners which may result in their failure to perform as planned and, consequently, in delays in the delivery of our products.
- Increase volatility in exchange rates which may increase the costs of our products that we may not be able to pass on to our customers and result in significant competitive benefit to certain of our

competitors that incur a material part of their costs in other currencies than we do; hamper our pricing; and increase our hedging costs and limit our ability to hedge our exchange rate exposure.

- Result in inefficiencies due to our deteriorated ability to appropriately forecast developments in our industry and plan our operations accordingly, delayed or insufficient investments in new market segments and failure to adjust our costs appropriately.
- Cause reductions in the future valuations of our investments and assets and result in impairment charges related to goodwill or other assets due to any significant underperformance relative to historical or projected future results by us or any part of our business or any significant changes in the manner of our use of acquired assets or the strategy for our overall business.
- Cause lowered credit ratings of our short and long term debt or their outlook from the credit rating agencies and, consequently, impair our ability to raise new financing or refinance our current borrowings and increase our interest costs associated with any new debt instruments.
- Result in failures of derivative counterparties or other financial institutions which could have a negative impact on our treasury operations.
- Result in increased and/or more volatile taxes which could negatively impact our effective tax rate, including the possibility of new tax regulations, interpretations of regulations which are stricter or increased effort by governmental bodies seeking to receive taxes more aggressively.
- Impact our investment portfolio and other assets and result in impairment.

We are domiciled in Europe and our reporting currency is the euro. We face certain risks in relation to the concerns regarding the European debt crisis, market perceptions concerning the instability of the euro, the potential re introduction of individual currencies within the eurozone, or the potential dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of our euro denominated assets and obligations. In addition, concerns over the effect of this financial crisis on financial institutions in Europe and globally could cause significant volatility and disruption to the global economy, which could adversely impact our financial results, as well as having an adverse impact on the capital markets generally, and more specifically on the ability of us and our customers, suppliers and lenders to finance their respective businesses, to access liquidity at acceptable financing costs, if at all, on the availability of supplies and materials and on the demand for our products. Full or partial dissolution of the euro would cause additional exchange rate risks related to dividends, foreign cash balances and investments. As the euro is our reporting currency, the dissolution of the euro would result in increased costs to adjust our financial reporting and result in increased volatility in our reported results of operations and financial condition.

We currently believe our funding position to be sufficient to meet our operating and capital expenditures in the foreseeable future. However, adverse developments in the global financial markets could have a material adverse effect on our financial condition and results of operations and/or our ability to access affordable financing on terms satisfactory to us.

Our ability to maintain and leverage our traditional strengths in the mobile products market may be impaired if we are unable to retain the loyalty of our mobile operator and distributor customers and consumers as a result of the implementation of our strategies or other factors.

We have a number of competitive strengths that have historically contributed significantly to our sales and profitability. These include our scale, our differentiating brand, our world class manufacturing and logistics system, the industry's largest distribution network and our strong relationships with our mobile operator and distributor customers. Going forward, these strengths are critical core competencies that we bring to the partnership with Microsoft and the implementation of our Windows Phone smartphone strategy. Our ability to maintain and leverage these strengths also continues to be important to our competitiveness in the feature phone market. Competing smartphone platforms and vendors have captured increased market share while our position has suffered, leading for instance to a reduction of our bargaining power and our influence with operators and distributors to make decisions that are favourable to us. Our loss of market share has also eroded our perceived strength in the smartphone market by consumers, which may lead consumers to prefer other brands.

As discussed above, the Microsoft partnership and the adoption of Windows Phone as our primary smartphone platform are subject to certain risks and uncertainties. Several of those risks and uncertainties relate to whether our mobile operator and distributor customers and consumers will be satisfied with our current strategy and partnership with Microsoft going forward. If those risks materialise and mobile operator and distributor customers and consumers as a consequence reduce their support and purchases of our mobile products, this would reduce our market share and net sales and in turn may erode our scale, brand, manufacturing and logistics, distribution and customer relations. The erosion of those strengths would impair our competitiveness in the mobile products market and our ability to execute successfully our strategy and to realise fully the expected benefits of the Microsoft partnership.

Also, as a result of market developments, competitors' actions or other factors within or out of our control, we may not be able to maintain these competitive strengths that we have benefited from historically. It is also possible that such strengths or some of them become less relevant in the future or are replaced by other types of strengths required for future success in the mobile products market.

If any of the companies we partner and collaborate with, including Microsoft, were to fail to perform as planned or if we fail to achieve the collaboration or partnering arrangements needed to succeed, we may not be able to bring our mobile products or location-based or other services to market successfully or in a timely way.

We are increasingly collaborating and partnering with third parties to develop technologies and products for our mobile devices. Additionally, we have outsourced various functions to third parties and are relying on them to provide certain services to us. For instance, in early 2013 we announced plans to streamline our IT organisation including the transfer of certain activities and employees to HCL Technologies and TATA Consultancy Services. These arrangements involve the commitment by each party of various resources, including technology, research and development efforts, services and personnel. Today, mobile products are developed in an ecosystem of multiple partnerships with different industry participants where our ability to collaborate successfully with the right partners is critical to our success in creating and delivering mobile products that are preferred by our customers and consumers. Although the objective of the collaborative and partnering arrangements is a mutually beneficial outcome for each party, our ability to introduce new mobile products that are commercially viable and meet our and our customers' and consumers' quality, safety, security and other standards successfully and on schedule could be hampered if, for example, any of the following risks were to materialise:

- We fail to engage the right partners or on terms that are beneficial to us.
- We are unable to collaborate and partner effectively with individual partners and simultaneously with multiple partners to execute and reach the targets set for the collaboration.
- The arrangements with the parties we work with do not develop as expected, including their performance, delivery and timing, or include terms which prove unfavourable to us.
- The technologies provided by the parties we work with are not sufficiently protected or infringe third parties' intellectual property rights in a way that we cannot foresee or prevent, or private information shared with partners is leaked.
- The technologies or products or services supplied by the parties we work with do not meet the required quality, safety, security and other standards or customer needs.
- Our own quality controls fail.
- We are unable to smoothly and efficiently implement our plans to streamline our IT organisation, including the transfer of some activities and employees to HCL Technologies and TATA Consultancy Services, or such partners do not deliver as planned.
- The financial condition of our collaborative partners deteriorates which may result in underperformance by the collaborative partners or insolvency or closure of the business of such partners.

- Our increasing reliance on collaborative partnering for Nokia branded or co-branded products may result in more variable quality due to our more limited control which may have a negative effect on our reputation and erode the value of the Nokia brand.

If the limited number of suppliers we depend on fail to deliver sufficient quantities of fully functional products, components, sub-assemblies, software and services on favourable terms and in compliance with our supplier requirements, our ability to deliver our mobile products profitably, in line with quality requirements and on time could be materially adversely affected.

Our manufacturing operations depend on obtaining sufficient quantities of fully functional products, components, sub-assemblies, software and services on a timely basis. Our principal supply requirements for our mobile products are for electronic components, mechanical components and software, which all have a wide range of applications in our products.

In some cases, a particular component may be available only from a limited number of suppliers or from a single supplier. In addition, our dependence on third-party suppliers has increased as a result of our strategic decisions to outsource certain activities, for example parts of our own chipset as well as wireless modems research and development, and to expand the use of commercially available chipsets and wireless modems. Suppliers may from time to time extend lead times, limit supplies, change their partner preferences, increase prices, have poor quality or be unable to increase supplies to meet increased demand due to capacity constraints or other factors, which could adversely affect our ability to deliver our mobile products on a timely basis. If we fail to anticipate customer demand properly, an over-supply or under-supply of components and production capacity could occur. In many cases, some of our competitors utilise the same contract manufacturers. If they have purchased capacity ahead of us, this could prevent us from acquiring the needed products, which could limit our ability to supply our customers or increase our costs.

We also commit to certain capacity levels or component quantities which, if unused, will result in charges for unused capacity or scrapping costs. For example, in 2011 and 2012 we recognised allowances for excess component inventory and future purchase commitments related to our devices, and may do so in the future. Increases or decreases especially to Smart Devices inventory related allowances may be required in the future depending on several factors, including consumer demand and continued ramp up particularly related to our new Nokia products with Windows Phone. Additionally, with the proportionally increased bargaining power of other large manufacturers in the mobile device and electronics industry, we may not be able to achieve as favourable terms as in the past resulting in increased costs that we may not be able to pass on to our customers, as well as lapses in the availability of certain components, especially in situations of tight supply.

Moreover, a supplier may fail to meet our supplier requirements, such as, most notably, our and our customers' and consumers' product quality, safety, security and other standards. Consequently, some of our products may be unacceptable to us and our customers and consumers, or may fail to meet our quality controls. In case of issues affecting a product's safety or regulatory compliance, we may be subject to damages due to product liability, or defective products, components or services may need to be replaced or recalled. Also, some suppliers may not be compliant with local laws, including, among others, local labour laws. In addition, a component supplier may experience delays or disruption to its manufacturing processes or financial difficulties or even insolvency or closure of its business, in particular due to difficult economic conditions. Due to our high volumes, any of these events could delay our successful and timely delivery of products that meet our and our customers' and consumers' quality, safety, security and other requirements, or otherwise materially adversely affect our sales and results of operations or our reputation and brand value.

Possible consolidation among our suppliers could potentially result in larger suppliers with stronger bargaining power and limit the choice of alternative suppliers, which could lead to an increase in the cost, or limit the availability, of components that may materially adversely affect our sales and results of operations. The intensive competition among our suppliers and the resulting pressure on their profitability, as well as negative effects from shifts in demand for components and sub-assemblies, may result in the exit of certain suppliers from our industry and decrease the ability of some suppliers to invest in the innovation that is vital for our business. Our ability to source components efficiently and on terms favourable to us could also be adversely affected if component suppliers who also operate in the mobile products market choose to limit or cease the supply of components to other mobile device manufacturers, including us. Further, our dependence on a limited number of suppliers that require purchases in their home country foreign currency increases our exposure to fluctuations in the exchange rate between the euro, our reporting currency, and such foreign currency and, consequently, may increase our costs which we may not be able to pass on to our customers.

Many of the production sites of our suppliers are geographically concentrated, with a majority of our suppliers based in Asia. In the event that any of these geographic areas is affected by any adverse conditions that disrupt production and/or deliveries from our suppliers, our ability to deliver our products on a timely basis could be negatively affected, which may materially adversely affect our business and results of operations.

We may fail to manage our manufacturing, service creation and delivery as well as our logistics efficiently and without interruption, or fail to make timely and appropriate adjustments, or fail to ensure that our products meet our and our customers' and consumers' requirements and are delivered on time and in sufficient volumes.

Our product manufacturing, service creation and delivery as well as our logistics are complex, require advanced and costly equipment and include outsourcing to third parties. These operations are continuously modified in an effort to improve efficiency and flexibility of our manufacturing, service creation and delivery as well as our logistics and to produce, create and distribute continuously changing volumes. We may experience difficulties in adapting our supply to meet the changing demand for our products, both ramping up and down production at our facilities as needed on a timely basis; maintaining an optimal inventory level; adopting new manufacturing processes; finding the most timely way to develop the best technical solutions for new products; managing the increasingly complex manufacturing process for our high end products, particularly the software for those products; adapting our manufacturing processes for the requirements of the Windows Phone platform and the production of Nokia products with Windows Phone; or achieving manufacturing efficiency and flexibility, whether we manufacture our products and create our services ourselves or outsource to third parties.

We may also face challenges in retooling our manufacturing processes to accommodate the production of devices in smaller lot sizes to customise devices to the specifications of certain mobile networks operators or to comply with regional technical standards. Further, we may experience challenges in having our services and related software fully operational at the time they are made available to customers and consumers, including issues related to localisation of the services to numerous markets and to the integration of our services with, for example, billing systems of network operators.

We have from time to time outsourced manufacturing of certain products and components to adjust our production to demand fluctuations as well as to benefit from expertise others have in the production of certain mobile technologies. For certain of our mobile products we use contract manufacturers to produce the entire product, which is subject to certain risks involving, for example, the choice of contract manufacturers, the need to change our mode of operation to work effectively and efficiently with such manufacturers and otherwise manage the complexities of such relationships to ensure that the products meet all of the required specifications.

We may also experience challenges caused by third parties or other external difficulties in connection with our efforts to modify our operations to improve the efficiency and flexibility of our manufacturing, service creation and delivery as well as our logistics, including, but not limited to, strikes, purchasing boycotts, public harm to the Nokia brand and claims for compensation resulting from our decisions on where to locate and how to utilise our manufacturing facilities, including the assembly and customisation of our devices and products. Such difficulties may result from, among other things, delays in adjusting or upgrading production at our facilities, delays in expanding production capacity, failure in our manufacturing, service creation and delivery as well as logistics processes, failures in the activities we have outsourced, and interruptions in the data communication systems that run our operations. Such failures or interruptions could result in our products not meeting our and our customers' and consumers' quality, safety, security and other requirements, or being delivered late or in insufficient or excess volumes compared to our own estimates or customer requirements, which could have a material adverse effect on our sales, results of operations, reputation and the value of the Nokia brand.

Most of our mobile products are manufactured and assembled in Asia primarily at our manufacturing facilities, as well as those of our contract manufacturers. As a result, if that region or certain countries in that region are affected by any adverse conditions that disrupt production and/or deliveries from our facilities or those of our contract manufacturers, this could negatively affect our ability to deliver our products on a timely basis, which may materially adversely affect our business and results of operations.

Any actual or even alleged defects or other quality, safety and security issues in our products, including the hardware, software and content used in our products, could have a material adverse effect on our sales, results of operations, reputation and the value of the Nokia brand.

Our products are highly complex, and defects in their design, manufacture and associated hardware, software and content have occurred and may occur in the future. Due to the very high production volumes of many of

our mobile products, even a single defect in their design, manufacture or associated hardware, software and content may have a material adverse effect on our business. Our smartphones, in particular, incorporate numerous functionalities, feature computer like and consumer electronics like hardware and are powered by sophisticated software. This complexity and the need for the seamless integration of the hardware, software and services elements and compatibility with other relevant technologies may also increase the risk of quality issues in our smartphones. Further, our mobile product portfolio is subject to continuous renewal which, particularly during periods of significant portfolio renewals, may increase the risk of quality issues related to our products, in particular in smartphones.

Defects and other quality issues may result from, among other things, failures in our own product and service creation and deliveries as well as manufacturing processes, failures of our suppliers to comply with our supplier requirements, or failures in products and services created jointly with collaboration partners or other third parties where the development and manufacturing process is not fully in our control. Prior to shipment, quality issues may cause failures in ramping up the production of our products and shipping them to customers in a timely manner as well as related additional costs or even cancellation of orders by customers. After shipment, products may fail to meet marketing expectations set for them, may malfunction or may contain security vulnerabilities, and thus cause additional repair, product replacement, recall or warranty costs to us and harm our reputation. In case of issues affecting a product's safety, regulatory compliance including but not limited to privacy or security, we may be subject to damages due to product liability, and defective products, components or service offerings may need to be replaced or recalled. With respect to our services, quality issues may relate to the challenges in having the services fully operational at the time they are made available to our customers and consumers and maintaining them on an ongoing basis. The use of our HERE business map data in our customers' products and services, including HERE Maps in our mobile devices, involves a possibility of product liability claims and associated adverse publicity. Claims could be made by business customers if errors or defects result in a failure of their products or services, or by end users of those products or services as a result of actual or perceived errors or defects in the map database. In addition, business customers may require us to correct defective data, which could be costly, or pay penalties if quality requirements or service level agreements are not satisfied.

We make provisions to cover our estimated warranty costs for our products. We believe that our provisions are appropriate, although the ultimate outcome may differ from the provided level which could have a positive or negative impact on our results of operations and financial condition.

Our mobile products and related accessories are also subject to counterfeiting activities in certain markets. Counterfeit products may erode our brand due to poor quality. Such activities may affect us disproportionately due to our brand recognition in various markets. Furthermore, our products are increasingly used together with hardware, software or service components that have been developed by third parties, whether or not we have authorised their use with our products. However, such components, such as batteries or software applications and content, may not be compatible with our products and may not meet our and our customers' and consumers' quality, safety, security or other standards. Additionally, certain components or layers that may be used with our products may enable them to be used for objectionable purposes, such as to transfer content that might be illegal, hateful or derogatory. The use of our products with incompatible or otherwise substandard hardware, software or software components, or for purposes that are inappropriate, is largely outside of our control and could harm the Nokia brand.

Our operations rely on the efficient and uninterrupted operation of complex and centralised information technology systems and networks. If a system or network inefficiency, malfunction or disruption occurs, this could have a material adverse effect on our business and results of operations.

Our operations rely on the efficient and uninterrupted operation of complex and centralised information technology systems and networks, which are integrated with those of third parties. All information technology systems are potentially vulnerable to damage, malfunction or interruption from a variety of sources. We are increasingly relying on third parties for the provision of information technology systems and networks; for instance in early 2013, we announced plans to streamline our IT organisation including the transfer of certain activities and employees to HCL Technologies and TATA Consultancy Services. We may experience disruptions if our partners do not deliver as we have planned or if we are unable to successfully and smoothly implement the plans to streamline our IT organisation.

We pursue various measures in order to manage our risks related to system and network malfunction and disruptions, including the use of multiple suppliers and available information technology security. However, despite precautions taken by us, any malfunction or disruption of our current or future systems or networks such

as an outage in a telecommunications network used by any of our information technology systems, or a breach of our cybersecurity, such as a malicious attack, malware or other event that leads to an unanticipated interruption or malfunction of our information technology systems or networks or data leakages, could have a material adverse effect on our brand image, business and results of operations. In addition, if we fail to successfully use our information technology systems and networks, our operational efficiency or competitiveness could be impaired which could have a material adverse effect on our business and results of operations. A disruption, for instance in our mail, music or location-based services, could cause significant discontent among users of our products resulting in claims or deterioration of our brand image.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group is expected to be unable to comply with its obligations as a company with securities admitted to listing on the Official List.

Any cybersecurity breach or other factors leading to an actual or alleged loss, improper disclosure or leakage of any personal or consumer data collected by us or our partners or subcontractors, made available to us or stored in or through our products could have a material adverse effect on our sales, results of operations, reputation and value of the Nokia brand.

Although we endeavour to develop products that meet the appropriate security standards, including with respect to data protection, we or our products and online services, marketing and developer sites may be subject to breaches in our cybersecurity, including hacking, viruses, worms and other malicious software, unauthorised modifications or illegal activities, that may cause potential security risks and other harm to us, our customers or consumers and other end users of our products. Cybersecurity concerns may affect us disproportionately due to our brand recognition in mobile products. Due to the very high volumes of many of our mobile products, and the evolving nature of services and map data, such events or mere allegations of such events may have a material adverse effect on our business. Additionally, we contract with multiple third parties in various jurisdictions who collect and use certain data on our behalf, for instance for marketing purposes. Although we have processes in place designed to ensure appropriate collection, handling and use of such data, third parties may use the data inappropriately, breach laws in collecting, handling or using such data or leak such data. This could lead to lengthy proceedings or fines imposed on us as well as adverse effects to our reputation and brand value.

In connection with providing our products to our customers and consumers, certain customer feedback, information on consumer usage patterns and other personal and consumer data is collected and stored through our products, in particular with smartphones, either by the consumers or by us or our partners or subcontractors. Our developer sites may also require certain data to be provided by the developers. Loss, improper disclosure or leakage of any personal or consumer data collected by us or that is available to our partners or subcontractors, made available to us or stored in or through our products could result in liability to us and harm our reputation and brand. Moreover, if data held by a developer site is hacked or leaked, the developer may become unwilling to join or remain a part of our developer ecosystems. In addition, governmental authorities may use our networks products to access the personal data of individuals without our involvement, for example, through so called lawful intercept capability of network infrastructure. Even perceptions that our products do not adequately protect personal or consumer data collected by us, made available to us or stored in or through our products or that they are being used by third parties to access personal or consumer data could impair our sales, results of operations, reputation and brand value.

Our business and results of operations, particularly our profitability, may be materially adversely affected if we are not able to successfully manage the pricing of our products and costs related to our products and our operations.

We need to introduce products in a cost efficient and timely manner and manage proactively the costs and cost development related to our portfolio of products, including component sourcing, manufacturing, logistics and other operations. Historically, our market position and scale provided a significant cost advantage in many areas of our business, such as component sourcing, compared to our competitors, but our ability to leverage that advantage is now more limited. As well, we have benefited from the cost of components eroding more rapidly than the price erosion of our mobile products. Recently, however, component cost erosion has been generally slowing, a trend that has adversely affected our profitability, and may do so in the future. Currency fluctuations may also have an adverse impact on our ability to manage our costs relative to certain of our competitors who incur a material part of their costs in other currencies than we do. If we fail to maintain or improve our market position and scale compared to our competitors across the range of our products, as well as leverage our scale to the fullest extent, or if we are unable to develop or otherwise acquire software, applications and content cost

competitively in comparison to our competitors, or if our costs increase relative to those of our competitors due to currency fluctuations, this could materially adversely affect our competitive position, business and results of operations, particularly our profitability.

We need to manage our operating expenses and other internal costs to maintain cost efficiency and competitive pricing of our products. Any failure by us to determine the appropriate prioritisation of operating expenses and other costs, to identify and implement on a timely basis the appropriate measures to adjust our operating expenses and other costs accordingly, including the current measures to achieve targeted reductions in our operating expenses, or to maintain reductions could have a material adverse effect on our business, results of operations and financial condition. In particular, our profitability could be adversely affected as we rely on the royalty based Windows Phone platform as our primary smartphone platform if we are unable to offset our higher cost of sales resulting from our royalty payments to Microsoft with new revenue sources from the Microsoft partnership and a reduction in our operating expenses, particularly our research and development expenses.

Our products are subject to price erosion, both naturally over their life cycle and as a result of various other factors, including increased price pressure. We have also in the past and may continue to increase the proportion of mobile products sold at lower prices to reach wider groups of consumers, particularly in our smartphones. Other factors that may adversely impact the selling price of our mobile devices include the extent to which consumers do not upgrade their mobile devices, postpone replacement or replace their current device with a lower priced device and the extent to which our regional mix is weighted towards emerging markets where lower priced products predominate. Moreover, some of our competitors may continue to reduce their prices resulting in significantly lower profit margins than is customary or sustainable on a long term basis in this industry, which would lower the selling price of our devices if we chose for competitive reasons to lower our prices. Our inability to lower our costs at the same rate or faster than the price erosion of our mobile products could have a material adverse effect on our business and results of operations, particularly our profitability.

We have operations in a number of countries and, as a result, face complex tax issues and could be obligated to pay additional taxes in various jurisdictions and our actual or anticipated performance, among other factors, could result in allowances related to deferred tax assets.

We operate our business in a number of countries which involve different tax regimes and the application of rules related to taxation. Applicable taxes, VAT and social taxes for which we make provisions could increase significantly as a result of changes in applicable tax laws in the countries where we operate, the interpretation of those laws by local tax authorities or tax audits performed by local tax authorities. The impact of these factors is dependent on the types of revenue and mix of profit we generate in various countries; for instance, profits from sales of devices or services may have a different tax treatment.

Nokia is subject to income taxes in Finland and in numerous other jurisdictions. Our business and investments globally and especially in emerging market countries are subject to uncertainties, including unfavourable or unpredictable tax law changes (even possibly with retroactive effect), taxation treatment and regulatory proceedings including tax audits. For instance, during early 2013 Nokia became subject to a tax investigation in India, apparently focusing on Indian tax consequences of payments made within Nokia for the supply of operating software from its parent company in Finland. Such proceedings can be lengthy, involve actions that can hinder local operations and the outcome of such proceedings is difficult to predict. Negative developments or outcome in such proceedings could have adverse effects to our cash flows, income statements and to our financial position.

Deferred tax assets recognised on tax losses, unused tax credits and tax deductible temporary differences are dependent on our ability to offset such items against future taxable income within the relevant tax jurisdiction. Deferred tax assets recognised on tax losses, unused tax credits and tax deductible temporary differences are based on our assumptions for future taxable earnings and these may not occur as planned, which may cause the deferred tax asset to be reduced. There can be no assurances that an unexpected reduction in deferred tax assets will not occur. Any such reduction could have an adverse effect on us. Additionally, our earnings have been and may continue to be in the future unfavourably impacted by Nokia Siemens Networks and Devices & Services taxes as no tax benefits are recognised for certain Nokia Siemens Networks and Devices & Services deferred tax items. There may also be unforeseen tax expenses which may have an unfavourable impact on us. As a result and given the inherent unpredictable nature of taxation, there can be no assurance that the estimated long term tax rate of Nokia will remain at current levels or that cash flows regarding taxes will be stable.

Our net sales, costs and results of operations, as well as the US dollar value of our dividends and market price of our ADSs, are affected by exchange rate fluctuations, particularly between the euro, which is our reporting currency, and the US dollar, the Japanese yen and the Chinese yuan, as well as certain other currencies.

We operate globally and are therefore exposed to foreign exchange risks in the form of both transaction risks and translation risks. Our policy is to monitor and hedge exchange rate exposure, and we manage our operations to mitigate, but not to eliminate, the impacts of exchange rate fluctuations. There can be no assurance, however, that our hedging activities will be successful in mitigating the impact of exchange rate fluctuations. In addition, significant volatility in the exchange rates may increase our hedging costs, as well as limit our ability to hedge our exchange rate exposure in particular against unfavourable movements in the exchange rates of certain emerging market currencies and could have an adverse effect on our results of operations, particularly our profitability. Further, exchange rate fluctuations may have an adverse effect on our net sales, costs and results of operations, as well as our competitive position. Exchange rate fluctuations may also make our pricing more difficult as our products may be re-routed by the distribution channels for sale to consumers in other geographic areas where sales can be made at more favourable exchange rates by those channels. Further, exchange rate fluctuations may also materially affect the US dollar value of any dividends or other distributions that are paid in euro as well as the market price of our ADSs.

Our products include increasingly complex technologies, some of which have been developed by us or licensed to us by certain third parties. As a result, evaluating the rights related to the technologies we use or intend to use is more and more challenging, and we expect increasingly to face claims that we could have allegedly infringed third parties' intellectual property rights. The use of these technologies may also result in increased licensing costs for us, restrictions on our ability to use certain technologies in our products and/or costly and time-consuming litigation.

Our products include increasingly complex technologies, some of which have been developed by us or licensed to us by certain third parties. As the amount of such proprietary technologies and the number of parties claiming intellectual property rights continue to increase, even within individual products, as the range of our products becomes more diversified and we enter new businesses, and as the complexity of the technology increases, the possibility of alleged infringement and related intellectual property claims against us continues to rise. The holders of patents and other intellectual property rights potentially relevant to our products may be unknown to us, may have different business models, may refuse to grant licenses to their proprietary rights, or may otherwise make it difficult for us to acquire a license on commercially acceptable terms. There may also be technologies licensed to and relied on by us that are subject to alleged infringement or other corresponding allegations or claims by others which could impair our ability to rely on such technologies. In addition, although we endeavour to ensure that companies that work with us possess appropriate intellectual property rights or licenses, we cannot fully avoid the risks of intellectual property rights infringement created by suppliers of components and various layers in our products, or by companies with which we work in cooperative research and development activities. Similarly, we and our customers may face claims of infringement in connection with our customers' use of our products and such claims may also influence consumer behaviour.

In many aspects the business models for mobile services are not yet established. The lack of availability of licenses for copyrighted content, delayed negotiations, or restrictive licensing terms may have a material adverse effect on the cost or timing of content related services offered by us, mobile network operators or third-party service providers, and may also indirectly affect the sales of our mobile devices.

Since all technology standards, including those we use and rely on, include some intellectual property rights, we cannot fully avoid risks of a claim for infringement of such rights due to our reliance on such standards. We believe that the number of third parties declaring their intellectual property to be relevant to these standards, for example, the standards related to so called 3G and 4G mobile communication technologies, as well as other advanced mobile communications standards, is increasing, which may increase the likelihood that we will be subject to such claims in the future. As the number of market entrants and the complexity of technology increases, it remains likely that we will need to obtain licenses with respect to existing and new standards from other licensors. While we believe that any such intellectual property rights declared or actually found to be essential to a given standard carry with them an obligation to be licensed on fair, reasonable and non-discriminatory terms, not all intellectual property owners agree on the meaning of that obligation and thus costly and time-consuming litigation over such issues has resulted and may continue to result in the future. While the rules of many standard setting bodies, such as the European Telecommunication Standards Institute, or ETSI, often apply on a global basis, the enforcement of those rules may involve national courts, which means that there may be a risk of different interpretation of those rules.

From time to time, some existing patent licenses may expire or otherwise become subject to renegotiation. The inability to renew or finalise such arrangements or new licenses with acceptable commercial terms may result in costly and time consuming litigation, and any adverse result in any such litigation may lead to restrictions on our ability to sell certain products and could result in payments that potentially could have a material adverse effect on our operating results and financial condition. These legal proceedings may continue to be expensive and time consuming and divert the efforts of our management and technical personnel from our business, and, if decided against us, could result in restrictions on our ability to sell our products, require us to pay increased licensing fees, substantial judgments, settlements or other penalties and incur expenses.

Our patent license agreements may not cover all the future businesses that we may enter; our existing businesses may not necessarily be covered by our patent license agreements if there are changes in our corporate structure or in companies under our control; or our newly acquired businesses may already have patent license agreements with terms that differ from similar terms in our patent license agreements. This may result in increased costs, restrictions to use certain technologies or time-consuming and costly disputes whenever there are changes in our corporate structure or in companies under our control, or whenever we enter new businesses or acquire new businesses.

Nokia Siemens Networks has access to certain licenses through cross licensing arrangements with its current shareholders, Nokia and Siemens. If there are changes to Nokia Siemens Networks' corporate structure which lead to a deconsolidation of Nokia Siemens Networks from Nokia, Nokia Siemens Networks may be unable to rely on some of its existing licenses. There can be no assurance that such licenses could be replaced on terms that are commercially acceptable.

We make accruals and provisions to cover our estimated total direct IPR costs for our products. The total direct IPR cost consists of actual payments to licensors, accrued expenses under existing agreements and provisions for potential liabilities. We believe that our accruals and provisions are appropriate for all technologies owned by others. The ultimate outcome, however, may differ from the provided level which could have a positive or negative impact on our results of operations and financial condition.

Any restrictions on our ability to sell our products due to expected or alleged infringements of third party intellectual property rights and any intellectual property rights claims, regardless of merit, could result in material loss of profits, costly litigation, the payment of damages and other compensation, the diversion of the attention of our personnel, product shipment delays or the need for us to develop non-infringing technology or to enter into a licensing agreement. If licensing agreements were not available or are not available on commercially acceptable terms, we could be precluded from making and selling the affected products, or could face increased licensing costs. As new features are added to our products, we may need to acquire further licenses, including from new and sometimes unidentified owners of intellectual property. The cumulative costs of obtaining any necessary licenses are difficult to predict and may over time have a negative effect on our operating results.

Our sales derived from, and manufacturing facilities and assets located in, emerging market countries may be materially adversely affected by economic, regulatory, political or other developments in those countries or by other countries imposing regulations against imports to such countries.

We generate sales from and have manufacturing facilities located in various emerging market countries. Sales from those countries represent a significant portion of our total sales and those countries represent a significant portion of any expected industry growth. Most of our mobile products are manufactured and assembled in emerging market countries, particularly in Asia. Accordingly, economic or political turmoil, military actions, labour unrest, civil unrest, public health and environmental issues or natural and man-made disasters in those countries could materially adversely affect the supply of mobile products and network infrastructure equipment manufactured in those countries, our sales and results of operations. In 2011 and 2012, we witnessed political unrest in various markets where we do business, which adversely affected our sales in those markets, and any reoccurrence or escalation of such unrest could do so in the future.

Further, the economic conditions in emerging market countries may be more volatile than in developed countries, and the purchasing power of our customers and consumers in those countries depends to a greater extent on the price development of basic commodities and currency fluctuations which may render our products too expensive to afford. Our business and investments in emerging market countries may also be subject to risks and uncertainties, including unfavourable or unpredictable taxation treatment, exchange controls, regulatory proceedings, unsound business practices, challenges in protecting our intellectual property rights, nationalisation, inflation, currency fluctuations, or the absence of, or unexpected changes in, regulation as well

as other unforeseeable operational risks. For example, Nokia Siemens Networks, as well as its competitors, were adversely affected in 2010 by the implementation of security clearance requirements in India which prevented the completion of product sales to customers, and could be similarly affected again in future periods, leading to ongoing uncertainty in that market.

Changes in various types of regulation, technical standards and trade policies as well as enforcement of such regulation and policies in countries around the world could have a material adverse effect on our business and results of operations.

Our business is subject to direct and indirect regulation in each of the countries where we, the companies with which we work, and our customers, do business. We develop many of our products based on existing regulations and technical standards, our interpretation of unfinished technical standards or there may be an absence of applicable regulations and standards. As a result, changes in various types of regulations, their application and trade policies applicable to current or new technologies or products may adversely affect our business and results of operations. For example, changes in regulation affecting the construction of base stations and other network infrastructure could adversely affect the timing and costs of new network construction or expansion and the commercial launch and ultimate commercial success of those networks. Export control, tariffs or other fees or levies imposed on our products and environmental, health, product safety and security, consumer protection, money laundering and other regulations that adversely affect the export, import, pricing or costs of our products could also adversely affect our sales and results of operations. For example, copyright collecting societies in several member states of the EU as well as in several other countries claim that due to their capability to play and store copyrighted content, mobile devices should be subject to similar copyright levies that are charged for products such as compact disc, digital video disc or digital audio players.

Any new or increased levies and duties could result in costs which lead to higher prices for our products, which may in turn impair their demand or decrease profitability if such costs cannot be passed to customers. For instance, in Brazil consumer protection agencies are seeking to implement a requirement that certain mobile devices under warranty and claimed to be defective must be immediately replaced at the point of sale. If such measures are introduced, our costs in Brazil would increase. In addition, changes in various types of regulations or their application with respect to taxation or other fees collected by governments or governmental agencies may result in unexpected payments to be made by us, and in response to difficult global economic conditions there may be an increase in the aggressiveness of collecting such fees.

Our expansion into the provision of services, including the activities of our HERE business, has resulted in a variety of new regulatory issues and subjects us to increased regulatory scrutiny. Moreover, our competitors have employed and will likely continue to employ significant resources to shape the legal and regulatory regimes in countries where we have significant operations. Legislators and regulators may make legal and regulatory changes or interpret and apply existing laws in ways that make our services less appealing to the end users, require us to incur substantial costs, change our business practices or prevent us from offering our services.

In line with changes in strategy, as well as in some cases a difficult political or business environment and an increasingly complicated trade sanctions environment, Nokia and Nokia Siemens Networks have reduced operations and have exited or are in the process of exiting certain countries, such as Iran. Such actions may trigger additional investigations, including tax audits by authorities or claims by contracting parties. The result of such investigations or claims may be difficult to predict and could lead to lengthy disputes or fines or a settlement.

The impact of changes in or uncertainties related to regulation and trade policies could affect our business and results of operations adversely even though the specific regulations do not always directly apply to us or our products. In many parts of the world where we currently operate or seek to expand our business, local practices and customs may be contrary to our code of conduct and could violate anticorruption laws, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010 or EU and other applicable trade sanctions and embargoes. Our employees, or others who act on our behalf, could violate policies and procedures intended to promote compliance with anticorruption laws or trade sanctions. Violations of these laws by our employees or others who act on our behalf, regardless of whether we participated in such acts or knew about such acts at certain levels of our organisation, could subject us and our employees to criminal or civil enforcement actions, including fines or penalties, disgorgement of profits and suspension or disqualification from sales. Additionally, violations of law or allegations of violations may result in the loss of reputation and business. Detecting,

investigating and resolving such situations may also result in significant costs, including the need to engage external advisors, and consume significant time, attention and resources of our management.

As a global company, we are subject to various legislative frameworks and jurisdictions that regulate fraud committed in the course of business operations and trade sanctions and as such the extent and outcome of any proceedings is difficult to estimate. Further, our business and results of operations may be adversely affected by regulation and trade policies favouring the local industry participants as well as other measures with potentially protectionist objectives which host governments in different countries may take, particularly in response to difficult global economic conditions.

An unfavourable outcome of litigation could have a material adverse effect on our business, results of operations, financial condition and reputation.

We are a party to lawsuits in the normal course of our business. Litigation can be expensive, lengthy and disruptive to normal business operations and divert the efforts of our management. Moreover, the results of complex legal proceedings are difficult to predict. An unfavourable resolution of a particular lawsuit could have a material adverse effect on our business, results of operations, financial condition and reputation.

We record provisions for pending litigation when we determine that an unfavourable outcome is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertain nature of litigation, the ultimate outcome or actual cost of settlement may vary materially from estimates. We believe that our provisions for pending litigation are appropriate. The ultimate outcome, however, may differ from the provided level which could have a positive or negative impact on our results of operations and financial condition.

Allegations of possible health risks from the electromagnetic fields generated by base stations and mobile devices, and the lawsuits and publicity relating to this matter, regardless of merit, could have a material adverse effect on our sales, results of operations, share price, reputation and brand value by leading consumers to reduce their use of mobile devices, by increasing difficulty in obtaining sites for base stations, by leading regulatory bodies to set arbitrary use restrictions and exposure limits, or by causing us to allocate additional monetary and personnel resources to these issues.

There has been public speculation about possible health risks to individuals from exposure to electromagnetic fields from base stations and from the use of mobile devices. A substantial amount of scientific research conducted to date by various independent research bodies has indicated that these radio signals, at levels within the limits prescribed by safety standards set by, and recommendations of, public health authorities, present no adverse effect on human health. We cannot, however, be certain that future studies, irrespective of their scientific basis, will not suggest a link between electromagnetic fields and adverse health effects that could have a material adverse effect on our sales, results of operations, share price, reputation and brand value. Research into these issues is ongoing by government agencies, international health organisations and other scientific bodies in order to develop a better scientific and public understanding of these issues.

Over the past twelve years we have been involved in several class action matters alleging that Nokia and other manufacturers and cellular service providers failed to properly warn consumers of alleged potential adverse health effects and failed to include headsets with every handset to reduce the potential for alleged adverse health effects. All of those cases have been withdrawn or dismissed. In addition, Nokia and several other mobile device manufacturers and network operators were named in twelve lawsuits by individual plaintiffs who allege that radio emissions from mobile devices caused or contributed to each plaintiff's brain tumour. A hearing on the admissibility of the plaintiffs' proffered general causation evidence will likely occur in the fourth quarter of 2013, at the earliest.

Although Nokia products are designed to meet all relevant safety standards and recommendations globally, we cannot guarantee we will not become subject to product liability claims or be held liable for such claims or be required to comply with future regulatory changes in this area that could have a material adverse effect on our business. Even a perceived risk of adverse health effects of mobile devices or base stations could have a material adverse effect on us through a reduction in sales of mobile devices or increased difficulty in obtaining sites for base stations.

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In addition to the risks described above, the following are risks primarily related to Nokia Siemens Networks that could affect Nokia.

Nokia Siemens Networks' sales and profitability depend on its success in the mobile broadband infrastructure and related services market. Nokia Siemens Networks may fail to effectively and profitably adapt its business and operations in a timely manner to the increasingly diverse service needs of its customers in that market.

A key component of Nokia Siemens Networks' strategy to focus on the mobile broadband infrastructure and related services market is the provision of related essential services which it believes will be a key driver of general sales and profitability. If Nokia Siemens Networks is not successful in implementing its services business strategy and achieving the desired outcomes in a timely manner or if the mobile broadband services market fails to develop in the manner currently anticipated by it, or if there are unfavourable variations in its product and service mix towards lower margin products or services, this could have a material adverse effect on our business, results of operations, particularly profitability, and financial condition.

Nokia Siemens Networks' strategy to focus on mobile broadband infrastructure and services is subject to risks and uncertainties, including:

- Nokia Siemens Networks' ability to adapt its policies and procedures to the additional emphasis on a services business model.
- Nokia Siemens Networks' ability to recruit and retain skilled personnel.
- Nokia Siemens Networks' ability to successfully develop market recognition of its business as a leading provider of software and service support in the mobile broadband infrastructure industry.
- Nokia Siemens Networks' ability to maintain efficient and low-cost operations.
- Delays in implementing relevant initiatives.
- Further consolidation of its customers.
- Increased competition.
- If Nokia Siemens Networks fails to implement its strategy successfully, its market share may decline which could result in the loss of scale benefits and reduce competitiveness and its financial performance may deteriorate.
- The market may develop in directions that leave Nokia Siemens Networks deficient in certain technologies and industry areas that impact its overall competitiveness.
- Certain customers who currently buy services and products from Nokia Siemens Networks that are not regarded as core may choose to turn to alternative vendors to maintain end to end service from their suppliers.
- The development and implementation of Nokia Siemens Networks' strategy has consumed and will continue to consume significant time, attention and resources of its management.

Competition in the mobile broadband infrastructure and related services market is intense. Nokia Siemens Networks' may be unable to maintain or improve its market position or respond successfully to changes in the competitive environment.

The competitive environment in the mobile broadband infrastructure and related services market continues to be intense and is characterised by equipment price erosion, a maturing of industry technology and intense price competition. Moreover, mobile operators' cost reductions are reducing the amount of available business resulting in increased competition and pressure on pricing and profitability. Overall, participants in this market compete with each other on the basis of product offerings, technical capabilities, quality, service and price.

Nokia Siemens Networks competes with companies that have larger scale and historically higher margins affording such companies more flexibility on pricing, as well as companies that may have stronger customer finance possibilities due to internal policies or governmental support, for example in the form of trade guarantees, allowing them to offer products and services at very low prices or with attractive financing terms. Nokia Siemens Networks also faces increasing competition from competitors from China, which endeavour to gain market share for instance by leveraging their low-cost advantage in tenders for customer contracts. Competition for new communication service provider customers as well as for new infrastructure deployments

is particularly intense and focused on price. In addition, new competitors may enter the industry as a result of acquisitions or shifts in technology. If Nokia Siemens Networks cannot respond successfully to the competitive requirements in the mobile broadband infrastructure and related services market, our business and results of operations, particularly profitability, and financial condition may be materially adversely affected.

Nokia Siemens Networks seeks to increase sales in geographic markets in which price competition is less intense. If Nokia Siemens Networks is not successful in increasing its sales in those markets or the price competition in those markets intensifies as a result of the entry into those markets of low-cost competitors, price reductions by existing competitors or otherwise, our business, sales, results of operations, particularly profitability, and financial condition may be materially adversely affected.

Nokia Siemens Networks' restructuring plan to improve financial performance and competitiveness may not lead to sustainable improvements in Nokia Siemens Networks' overall competitiveness and profitability, and it may be unable to otherwise continue to reduce operating expenses and other costs. Additionally, changes in the ownership structure of Nokia Siemens Networks could have an adverse effect on Nokia Siemens Networks or us.

In November 2011, Nokia Siemens Networks announced a new strategy, including changes to its organisational structure and an extensive global restructuring programme, aimed at improving its competitiveness and profitability. The restructuring programme also includes a target to reduce Nokia Siemens Networks' annualised operating expenses and production overheads, excluding special items and purchase price accounting related items, by more than EUR 1 billion by the end of 2013, compared to the end of 2011. Together with a range of productivity and efficiency measures, Nokia Siemens Networks' has targeted headcount reductions intended to align the workforce with its strategy. Nokia Siemens Networks will also continue to target areas such as real estate, information technology, product and service procurement costs, overall general and administrative expenses, and a significant reduction in suppliers in order to further lower costs and improve quality. The execution of its restructuring programme is subject to certain risks and uncertainties, including:

- Developing and implementing the restructuring plan have consumed and will continue to consume significant time, attention and resources of management.
- Personnel reductions may result in reduced productivity and dissatisfaction and loss of morale among employees and lead to loss of key personnel. These factors may have a more pronounced adverse impact due to prior restructuring measures. Although Nokia Siemens Networks has not experienced strikes in the past, it may face labour unrest, strikes or work stoppages as a result of increased dissatisfaction among its employees resulting from the ongoing and past restructuring measures.
- There can be greater than expected difficulties from legal, regulatory or other matters that limit Nokia Siemens Networks' ability to implement the restructuring as planned or adversely impact the associated costs.
- If Nokia Siemens Networks fails to implement its restructuring plan successfully or to otherwise reduce its operating expenses and other costs on an ongoing basis, its market share may decline which could result in the loss of scale benefits and reduce competitiveness and its financial performance may deteriorate.
- The costs, cash outflows and charges related to the implementation of the restructuring plan, including the planned personnel reductions, divestments of non-core businesses, the termination of unprofitable contracts and exiting certain countries, such as Iran, or areas may be greater than currently estimated.
- Nokia Siemens Networks cannot guarantee that it will achieve or sustain the targeted benefits, which could result in further restructuring efforts. In addition, Nokia Siemens Networks cannot guarantee that the benefits, even if achieved, will be adequate to meet its long-term growth and profitability targets.

Beginning on 3 April 2013, certain restrictions on the transfer of Nokia's and Siemens' interests in Nokia Siemens Networks expire and certain other provisions relating to the transfer of such interests come into effect. Otherwise, the arrangements between Nokia and Siemens as shareholders of Nokia Siemens Networks will remain in effect as originally agreed. There can be no assurances, however, that the ownership of Nokia Siemens Networks will, or will not, change in the future. We cannot exclude the possibility that the expiration of these restrictions, or any plans for changes or actual changes that alter the ownership structure of Nokia Siemens Networks, would not have an adverse effect on Nokia Siemens Networks or us.

Nokia Siemens Networks may fail to effectively and profitably invest in new competitive products, services, upgrades and technologies and bring them to market in a timely manner.

The mobile broadband infrastructure and related services market is characterised by rapidly changing technologies, frequent new solutions requirements and product feature introductions and evolving industry standards.

Nokia Siemens Networks' success depends to a significant extent on the timely and successful introduction of new products, services and upgrades of current products to comply with emerging industry standards and to address competing technological and product developments carried out by its competitors. The research and development of new and innovative technologically-advanced products, including the introduction of new radio frequency technologies, as well as upgrades to current products and new generations of technologies, is a complex and uncertain process requiring high levels of innovation and investment, as well as accurate anticipation of technology and market trends. Nokia Siemens Networks may focus its resources on technologies that do not become widely accepted or ultimately prove not to be viable. Nokia Siemens Networks' net sales and operating results will depend to a significant extent on its ability in below areas:

- to maintain a product portfolio and service capability that is attractive to its customers;
- to enhance its existing products;
- to continue to introduce new products successfully and on a timely basis; and
- to develop new or enhance existing tools for its services offerings.

Nokia Siemens Networks' failure to effectively and profitably invest in new products, services, upgrades and technologies and bring them to market in a timely manner could result in a loss of net sales and market share and could have a material adverse effect on our results of operations, particularly profitability, and financial condition.

Nokia Siemens Networks also depends on its customers' perception of its technological strengths and weaknesses. For instance, its perceived lack of end to end capabilities in areas such as intellectual property transformation and of innovation capabilities and integration into the innovation ecosystem may be seen as weaknesses. Nokia Siemens Networks' relatively small presence in the centres of innovation ecosystems in telecommunications may harm its perceived credibility in terms of innovation capability.

Nokia Siemens Networks business is dependent on a limited number of customers.

The networks infrastructure and related services business is dependent on a limited number of customers and consolidation among those customers is continuing. A large number of net sales that Nokia Siemens Networks generates have historically come from a limited number of customers. As consolidation among existing customers continues, it is possible that an even greater portion of Nokia Siemens Networks' net sales will be attributable to a smaller number of large service providers. In addition, mobile operators are increasingly entering into network sharing arrangements, as well as joint procurement agreements, which further reduce the number of networks available for it to service. As a result of this trend and the intense competition in the industry, Nokia Siemens Networks may be required to provide contract terms increasingly favourable to the customer to remain competitive. Any unfavourable developments in relation to or any change in the contract terms applicable to a major customer may have a material adverse effect on our business, results of operations and financial condition.

Nokia Siemens Networks mobile broadband infrastructure and related services business is dependent on large multi-year contracts.

Large multi-year contracts, which are typical in the mobile broadband infrastructure and related services business, include a risk that the timing of sales and results of operations associated with those contracts will differ from what was expected when the contracts were entered into. Moreover, such contracts often require the dedication of substantial amounts of working capital and other resources, which may negatively affect our cash flow, particularly in the early stages of a contract, or may require Nokia Siemens Networks to sell products and services in the future that would otherwise be discontinued, thereby diverting resources from developing more profitable or strategically important products and services. Any non-performance by us under those contracts

may have a material adverse effect on Nokia Siemens Networks because mobile operators have demanded and may continue to demand stringent contract undertakings, such as penalties for contract violations.

Nokia Siemens Networks' liquidity and its ability to meet its working capital requirements depend on access to available credit under its financing arrangements and other credit lines as well as cash at hand. If those sources of liquidity were to be unavailable, or cannot be refinanced when they mature, this could have a material adverse effect on our business, results of operations and financial condition.

To provide liquidity and meet working capital requirements, Nokia Siemens Networks is party to certain financing arrangements and has arranged for other committed and uncommitted credit lines. Nokia Siemens Networks' ability to draw upon those resources is dependent upon a variety of factors, including compliance with existing covenants, the absence of any event of default and, with respect to uncommitted credit lines, the lenders' perception of its credit quality. The implementation of Nokia Siemens Networks' strategy and ongoing restructuring plan has resulted in costs, cash outflows and charges. These have had and will continue to have a negative effect on its liquidity position and may be greater than currently estimated. The financial covenants under Nokia Siemens Networks' existing credit facilities require it, among other things, not to exceed certain leverage ratios and to maintain certain interest coverage ratios. Nokia Siemens Networks' ability to satisfy these and other existing covenants may be affected by events beyond its control and there can be no assurance that it will be able to comply with its existing covenants in the future. Any failure to comply with the covenants under any of its existing credit facilities may constitute a default under its other credit facilities and credit lines and may require Nokia Siemens Networks to either obtain a waiver from Nokia Siemens Networks creditors, renegotiate credit facilities, raise additional financing from existing or new shareholders or repay or refinance borrowings in order to avoid the consequences of a default. There can be no assurance that Nokia Siemens Networks' would be able to obtain such a waiver, to renegotiate credit facilities, to raise additional financing from existing or new shareholders or to repay or refinance borrowings on terms that are acceptable to Nokia Siemens Networks, if at all.

In addition, any failure by Nokia Siemens Networks to comply with its existing covenants, any actual or perceived decline in its business, results of operations or financial condition or other factors may result in a deterioration of lenders' perception of its credit quality, which may negatively impact its ability to renegotiate its credit facilities, refinance its borrowings or to draw upon its uncommitted credit lines. Although Nokia Siemens Networks believes it has sufficient resources to fund its operations, if a significant number of those sources of liquidity were to be unavailable, or cannot be refinanced when they mature, this could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, in the normal course of business Nokia Siemens Networks enters into a large number of accounts receivables sale agreements with banks and other financial institutions. If Nokia Siemens Networks' were not able to sell these accounts receivables in line with its past practice for whatever reason, including, but not limited to, the actual or perceived deterioration of its customers' credit quality, banks' refinancing abilities or prevailing interest rates, this could negatively impact our liquidity and our ability to meet our working capital requirements.

Nokia Siemens Networks has historically received financial support in the form of additional capital from its shareholders Nokia and Siemens. Nokia and Siemens do not, however, guarantee Nokia Siemens Networks' current financial obligations. There is no assurance that Nokia Siemens Networks will receive similar or other financial support from its shareholders in the future.

Nokia Siemens Networks may be adversely affected by customer financing or extending payment terms it provides to customers.

Communication service providers in some markets may require their suppliers, including Nokia Siemens Networks, to arrange, facilitate or provide financing in order to obtain sales or business. They may also require extended payment terms. In some cases, the amounts and duration of these financings and trade credits, and the associated impact on Nokia Siemens Networks' working capital, may be significant. Credit markets in general have been tight since 2009. Requests for customer financing and especially extended payment terms have remained at a reasonably high level. However, during 2012, the amount of financing provided directly to our customers has decreased.

Uncertainty in the financial markets may result in more customer financing requests. As a strategic market requirement, Nokia Siemens Networks primarily arranged and facilitated, and plans to continue to arrange and facilitate, financing to a number of customers, typically supported by export credit or guarantee agencies. In the

event that those agencies face future constraints in their ability or willingness to provide financing to our customers, it could have a material adverse effect on Nokia Siemens Networks business. Nokia Siemens Networks has agreed to extended payment terms for a number of customers, and it will continue to do so. Extended payment terms may continue to result in a material aggregate amount of trade credits. Even when the associated risk is mitigated by the fact that the portfolio relates to a variety of customers, defaults in the aggregate could have a material adverse effect on us.

Nokia Siemens Networks cannot guarantee that it will be successful in arranging, facilitating or providing needed financing, including extended payment terms to customers, particularly in difficult financial market conditions. In addition, certain of Nokia Siemens Networks' competitors may have greater access to credit financing, which could adversely affect its ability to compete successfully for business in the networks infrastructure and, indirectly, in the related services sectors. Nokia Siemens Networks' ability to manage its total customer finance and trade credit exposure depends on a number of factors, including its capital structure, market conditions affecting its customers, the level and terms of credit available to Nokia Siemens Networks and to its customers, the cooperation of export credit or guarantee agencies and its ability to mitigate exposure on acceptable terms. Nokia Siemens Networks may not be successful in managing the challenges associated with the customer financing and trade credit exposure that it may have from time to time. While defaults under financings, guarantees and trade credits to Nokia Siemens Networks' customers resulting in impairment charges and credit losses have not been a significant factor for us, these may increase in the future, and commercial banks may not continue to be able or willing to provide sufficiently long term financing, even when backed by export credit agency guarantees, due to their own liquidity constraints.

Some of the Siemens carrier-related operations transferred to Nokia Siemens Networks have been and continue to be the subject of various criminal and other governmental investigations related to whether certain transactions and payments arranged by some current or former employees of Siemens were unlawful. As a result of those investigations, government authorities and others have taken and may take further actions against Siemens and/or its employees that may involve and affect the assets and employees transferred by Siemens to Nokia Siemens Networks, or there may be undetected additional violations that may have occurred prior to the transfer or violations that may have occurred after the transfer of such assets and employees.

Public prosecutors and other government authorities in several jurisdictions have conducted and in some jurisdictions continue to conduct criminal and other investigations related to whether certain transactions and payments arranged by some current or former employees of Siemens relating to the carrier-related operations for fixed and mobile networks that were transferred to Nokia Siemens Networks were unlawful. These investigations are part of substantial transactions and payments involving Siemens' former Com business and other Siemens' business groups which remain under investigation.

Although the investigations by the German and United States governments were concluded and resolved in December 2008, investigations in other countries continue, as well as individual investigations of Siemens employees and other individuals. Accordingly, until these investigations are complete and the matters are finally resolved, it is not possible to ensure that Siemens employees who may have been involved in the alleged violations of law were not transferred to Nokia Siemens Networks. Nor is it possible to predict the extent to which there may be as yet undetected additional violations of law that occurred prior to the transfer that could result in additional investigations or actions by government authorities. Such actions have, and could include criminal and civil fines, tax liability, as well as other penalties and sanctions. To date, none of the substantial fines imposed on Siemens by regulators in Germany and the United States has applied to Nokia Siemens Networks or Nokia. It is also not possible to predict whether there have been any ongoing violations of law after the formation of Nokia Siemens Networks involving the assets and employees of the Siemens carrier-related operations that could result in additional actions by government authorities. The development of any of these situations could have a material adverse effect on Nokia Siemens Networks and our reputation, business, results of operations and financial condition. In addition, detecting, investigating and resolving such situations have been, and might continue to be, expensive and consume significant time, attention and resources of Nokia Siemens Networks' and our management, which could harm our business and that of Nokia Siemens Networks.

The government investigations may also harm Nokia Siemens Networks' relationships with existing customers, impair its ability to obtain new customers, business partners and public procurement contracts, affect its ability to pursue strategic projects and transactions or result in the cancellation or renegotiation of existing contracts on terms less favourable than those currently existing or affecting its reputation. Nokia Siemens Networks has terminated relationships, originated in the Siemens carrier-related operations, with certain business consultants

and other third-party intermediaries in some countries as their business terms and practices were contrary to Nokia Siemens Networks' Code of Conduct, thus foregoing business opportunities. It is not possible to predict the extent to which other customer relationships and potential business may be affected by Nokia Siemens Networks' efforts to comply with applicable regulations. Nokia Siemens Networks may also be joined to civil litigation brought by third parties against Siemens carrier-related operations.

Siemens has agreed to indemnify Nokia and Nokia Siemens Networks for any government fines or penalties and damages from civil law suits incurred by either Nokia Siemens Networks or us, resulting from violations of law in the Siemens carrier-related operations that occurred prior to the transfer to Nokia Siemens Networks. Siemens has also agreed, in certain circumstances and subject to the fulfilment of certain criteria, to reimburse up to 50 per cent. of any lost profit suffered by Nokia Siemens Networks as a result of the violations of law in the Siemens carrier-related operations that occurred prior to the transfer to Nokia Siemens Networks.

We cannot predict with any certainty the final outcome of the ongoing investigations related to this matter, when and the terms upon which such investigations will be resolved, which could be a number of years, or the consequences of the actual or alleged violations of law on our or Nokia Siemens Networks' business, including its relationships with customers.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification and waivers

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries) (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). A number of non-EU countries and territories have adopted similar measures (either provision of information or transitional withholding).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required at all times to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

The European Commission has published proposals for amendments to the Directive which, if implemented, would broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the

Specified Currency would decrease: (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the credit rating agency at any time.

INFORMATION INCORPORATED BY REFERENCE

The following documents, which have been filed with the FCA, shall be incorporated in, and form part of, this Base Prospectus:

- (a) the audited consolidated annual financial statements and auditor's report of the Issuer for the financial year ended 31 December 2011, which form part of the Issuer's annual accounts for the financial year ended 31 December 2011 and which can be found at pages 20-71 and page 88, respectively, of such annual accounts;
- (b) the audited consolidated annual financial statements and auditor's report of the Issuer for the financial year ended 31 December 2012, which form part of the Issuer's annual accounts for the financial year ended 31 December 2012 and which can be found at pages 18-69 and page 86, respectively, of such annual accounts;
- (c) the unaudited, consolidated interim financial statements of the Issuer, which form part of the Issuer's interim report for the first quarter 2013 and which can be found at pages 19-42 (excluding the section entitled "Risks and Forward-Looking Statements" on page 42) of such interim report, and the summary financial information and accompanying notes on pages 2, 3 and the first two lines of page 4 of such interim report under the heading "Summary Financial Information" excluding, for the avoidance of doubt, the heading "Nokia Outlook" and the following text on page 4; and
- (d) the Terms and Conditions of the Notes which can be found at pages 22-42 (inclusive) of the previous Base Prospectuses dated 8 December 2008 and 8 December 2009, respectively, prepared by the Issuer in connection with the Programme.

The financial statements referred to at paragraph (a), (b) and (c) above are prepared on the basis of International Financial Reporting Standards as issued by the International Accounting Standards Board and in conformity with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus. Where only certain parts of the documents referred to above in paragraphs (a) to (d) are incorporated by reference into this Base Prospectus, those parts of the documents that are not incorporated by reference into this Base Prospectus are either not relevant for investors or are covered elsewhere in this Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Fiscal Agent for the time being in London.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

FORMS OF THE NOTES

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; *provided, however*, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**"):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or

- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Bearer Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

Registered Notes

Each Tranche of Registered Notes will be in the form of either individual Note Certificates in registered form ("**Individual Note Certificates**") or a global Note in registered form (a "**Global Registered Note**"), in each case as specified in the relevant Final Terms. Each Global Registered Note which is not intended to be held under the New Safekeeping Structure, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for Individual Note Certificates in accordance with its terms. Each Global Registered Note which is intended to be held under the New Safekeeping Structure, as specified in the relevant Final Terms, will, on or about the relevant issue date, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (which is authorised to hold such Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations) and be deposited with a nominee for such clearing system and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Global Registered Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms relating to the relevant Notes.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes While in Global Form" below.

1. Introduction

- (a) *Programme:* Nokia Corporation (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to EUR 5,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (each a "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of an amended and restated issue and paying agency agreement dated 26 April 2013 (the "**Agency Agreement**") between the Issuer and Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**"), and the paying agent named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agent named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.
- (d) *Deed of Covenant:* The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). Registered Notes are constituted by a deed of covenant dated 26 April 2013 (the "**Deed of Covenant**") entered into by the Issuer.
- (e) *The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the registered office of the Issuer and of the Fiscal Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC (as amended) the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity.
- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. Interpretation

- (a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"Business Day" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"Business Day Convention", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred, *provided, however,* that:
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"Calculation Amount" has the meaning given in the relevant Final Terms;

"Calculation Period" means, in respect of any calculation of interest, the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date;

"Coupon Sheet" means, in respect of a Note, a coupon sheet relating to the Note;

"Day Count Fraction" means, in respect of the calculation of an amount for any Calculation Period, such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if "**Actual/Actual (ICMA)**" is so specified, means:
- (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" is so specified, means (A) in respect of the 2000 ISDA Definitions, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and (B) in respect of the 2006 ISDA Definitions, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified means (A) in respect of the 2000 ISDA Definitions, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and (B) in respect of the 2006 ISDA Definitions, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (vii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D₂ will be 30;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"**EURIBOR**" means the Euro inter-bank offered rate;

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Group**" means the Issuer and its Subsidiaries from time to time;

"**IFRS**" means the international financial reporting standards formulated by the International Accounting Standards Board;

"**Indebtedness**" means (without double counting) any indebtedness in respect of:

- (i) moneys borrowed or raised;
- (ii) any debenture, bond, note, loan stock, commercial paper or similar instrument;
- (iii) any acceptance credit, bill discounting, note purchase or documentary credit facility;
- (iv) any payment obligations under any leases which would in accordance with IFRS be treated as finance or capital leases;
- (v) any receivables purchase, factoring or discounting arrangement under which there is recourse in whole or in part to any member of the Group;
- (vi) any other transaction having the commercial effect of a borrowing and which would, in accordance with IFRS, be treated as a borrowing; or
- (vii) any guarantees or other legally binding assurance against financial loss in respect of the indebtedness of any person arising under an obligation falling within paragraphs (i) to (vi) above;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

"**Interest Payment Date**" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**Intra-Group Debt**" means any indebtedness owed by a member of the Group to another member of the Group;

"**ISDA Definitions**" means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the

International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**LIBOR**" means the London inter-bank offered rate;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Meeting**" means a meeting of Noteholders (whether originally convened or resumed following an adjournment);

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**NIBOR**" means the Norwegian inter-bank offered rate;

"**Nokia-Siemens JV**" means Nokia Siemens Networks B.V., a company established under the laws of the Netherlands;

"**Non-recourse Securitisation**" means any securitisation, asset backed financing or similar transaction under which a Securitisation Entity on commercially reasonable terms:

- (i) acquires receivables or other assets for principally cash consideration or uses existing receivables or other assets;
- (ii) issues any notes, bonds, commercial paper, loans or other securities (whether or not listed on a recognised stock exchange) to fund the purchase of or otherwise backed by those receivables or other assets and/or any shares or other interests referred to in paragraph (ii) of the definition of "Permitted Security Interest" and the payment obligations in respect of such notes, bonds, commercial paper, loans or other securities:
 - (a) are secured directly on those receivables or other assets; and
 - (b) are not guaranteed by any member of the Group (other than as a result of any Permitted Security Interest);

"**Non-recourse Securitisation Debt**" means any Indebtedness incurred by a Securitisation Entity pursuant to a securitisation of receivables or other assets where the recourse in respect of that Indebtedness to any member of the Group (other than the Securitisation Entity) is limited to:

- (i) those receivables and/or other assets; and
- (ii) if those receivables or other assets comprise all or substantially all of the business of such Securitisation Entity, the shares or other interests of any member(s) of the Group in such Securitisation Entity;

"**Noteholder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination and Title — Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(c) (*Form, Denomination and Title — Title to Registered Notes*);

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"Participating Member State" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

"Payment Business Day" means:

- (i) if the currency of payment is euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Permitted Security Interest" means any Security Interest over:

- (i) the assets or revenues of a Securitisation Entity which are subject to a Non-recourse Securitisation as security for Non-recourse Securitisation Debt raised by such Securitisation Entity in respect of such assets and revenues; and/or
- (ii) the shares or other interests owned by any member of the Group in any Securitisation Entity as security for Non-recourse Securitisation Debt raised by such Securitisation Entity provided that the assets or revenues which are the subject of the relevant Non-recourse Securitisation comprise all or substantially all of the business of such Securitisation Entity;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"Principal Subsidiary" means a Subsidiary of the Issuer (but excluding the Nokia-Siemens JV) whose net sales (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than ten per cent. of the consolidated net sales of the Group or the consolidated total assets of the Group, as the case may be, in each case:

- (i) as shown in the latest published audited or unaudited consolidated financial statements of the Issuer and its Subsidiaries; and
- (ii) adjusted to take account of any significant changes in circumstances resulting from any transfers between members of the Group or any acquisitions made by members of the Group since the date as at which such financial statements were prepared;

"Put Option Notice" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"Reference Price" has the meaning given in the relevant Final Terms;

"Reference Rate" means LIBOR, EURIBOR, NIBOR or STIBOR, as specified in the relevant Final Terms;

"Regular Period" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"Relevant Date" means, in relation to any payment, whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Financial Centre" has the meaning given in the relevant Final Terms;

"Relevant Indebtedness" means any Indebtedness (other than Non-Recourse Securitisation Debt) which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) or held in a securities clearance system;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Relevant Time" has the meaning given in the relevant Final Terms;

"Reserved Matter" means any proposal:

- (i) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating

the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment;

- (ii) to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (iii) to change the currency in which amounts due in respect of the Notes are payable;
- (iv) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution; or
- (v) to amend this definition;

"Securitisations Entity" means any special purpose vehicle created for the sole purpose of carrying out, or otherwise used for the purpose of carrying out, a Non-recourse Securitisation or any other member of the Group which is effecting Non-recourse Securitisations;

"Security Interest" means any mortgage, charge, assignment by way of security, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

"Specified Currency" has the meaning given in the relevant Final Terms;

"Specified Denomination(s)" has the meaning given in the relevant Final Terms;

"Specified Office" has the meaning given in the Agency Agreement;

"Specified Period" has the meaning given in the relevant Final Terms;

"STIBOR" means the Stockholm inter-bank offered rate;

"Subsidiary" means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (i) which is controlled, directly or indirectly, by the first Person;
- (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first Person; or
- (iii) which is a subsidiary of another subsidiary of the first Person;

and, for these purposes, the second Person shall be treated as being controlled by the first Person if the first Person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

"Talon" means a talon for further Coupons;

"TARGET2" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"TARGET Settlement Day" means any day on which TARGET2 is open for the settlement of payments in euro;

"Treaty" means the Treaty establishing the European Communities, as amended; and

"Zero Coupon Note" means a Note specified as such in the relevant Final Terms.

- (b) *Interpretation:* In these Conditions:
 - (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
 - (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Interpretation — Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title**

- (a) *Bearer Notes*: Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) *Title to Bearer Notes*: Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.
- (c) *Registered Notes*: Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (d) *Title to Registered Notes*: The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.
- (e) *Ownership*: The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- (f) *Transfers of Registered Notes*: Subject to Conditions 3(i) (*Form, Denomination and Title — Closed periods*) and (j) (*Form, Denomination and Title — Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified

Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

- (g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with Condition 3(f) (*Transfers of Registered Notes*), the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this Condition 3(g), "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. **Status of the Notes**

The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Negative Pledge**

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Principal Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

6. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments — Bearer Notes*) or Condition 11 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified

Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. **Floating Rate Note Provisions**

- (a) *Application:* This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments — Bearer Notes*) or Condition 11 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7(b) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as at the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as at the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of Condition 7(c)(i), such rate does not appear on that page or, in the case of Condition 7(c)(ii), fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
 - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (h) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall publish the Interest Amount in relation to the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents and, in the case of Registered Notes, the Registrar and the Transfer Agents, the Noteholders and the Couponholders and

(subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. Zero Coupon Note Provisions

- (a) *Application*: This Condition 8 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes*: If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).

9. Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments — Bearer Notes*) or Condition 11 (*Payments — Registered Notes*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part:
 - (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Finland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 9(b), the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem have occurred and (B) an opinion of independent legal

advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption and Purchase — Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption and Purchase — Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. Any conditions and/or circumstances that must be satisfied before a Put Option can be exercised will be set out in the relevant Final Terms. In order to exercise the option contained in this Condition 9(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 9(a) (*Redemption and Purchase — Scheduled redemption*) to (e) (*Redemption and Purchase — Redemption at the option of Noteholders*).
- (g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as

may be specified in the Final Terms for the purposes of this Condition 9(g) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) *Purchase*: The Issuer or any of its respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.
- (i) *Cancellation*: All Notes must be cancelled if they are redeemed by the Issuer pursuant to Condition 9(c) (*Redemption and Purchase — Redemption at the option of the Issuer*) or purchased and cancelled pursuant to Condition 9(h) (*Redemption and Purchase — Purchase*) and, in each case, any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

10. **Payments — Bearer Notes**

This Condition 10 is only applicable to Bearer Notes.

- (a) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) *Interest*: Payments of interest shall, subject to Condition 10(h) (*Payments — Bearer Notes — Payments other than in respect of matured Coupons*), be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 10(a) (*Payments — Bearer Notes — Principal*).
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this Condition 10(e)(ii)(A) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 10(a) (*Payments — Bearer Notes — Principal*) against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Conditions 9(b) (*Redemption and Purchase — Redemption for tax reasons*), (c) (*Redemption and Purchase — Redemption at the option of the Issuer*), (e) (*Redemption and Purchase — Redemption at the option of Noteholders*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 10(c) (*Payments — Bearer Notes — Payments in New York City*)).
- (i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11. **Payments — Registered Notes**

This Condition 11 is only applicable to Registered Notes.

- (a) *Principal*: Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in

the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

- (c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 11 arriving after the due date for payment or being lost in the mail.
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Registrar will annotate the Register with a record of the amount and date of such payment and, in the case of partial payment upon presentation of a Note Certificate, endorse on the relevant Note Certificate a statement indicating the amount and the date of such payment.
- (f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the close of business on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each of Clearstream Banking, Luxembourg and Euroclear Bank S.A./N.V. is open for business. Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

12. **Taxation**

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Finland or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
 - (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon;
 - (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive;
 - (iii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
 - (iv) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon

for payment on the last day of such period of 30 days assuming that day to have been a Payment Day.

- (b) *Taxing jurisdiction*: If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Finland, references in these Conditions to the Republic of Finland shall be construed as references to the Republic of Finland and/or such other jurisdiction.

13. **Events of Default**

If any of the following events occurs:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within seven days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within fourteen days of the due date for payment thereof;
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent;
- (c) *Cross-acceleration*:
- (i) any Indebtedness of the Issuer or any Principal Subsidiary (other than Non-recourse Securitisation Debt or Intra-Group Debt) is not paid when due (taking into account grace periods and extensions, if any) or any Indebtedness of the Issuer or any Principal Subsidiary (other than Non-recourse Securitisation Debt or Intra-Group Debt) is declared to be or otherwise becomes due and payable prior to its specified maturity by reason of the occurrence of an event of default (howsoever described); and
 - (ii) the aggregate of all Indebtedness referred to in Condition 13(c)(i) exceeds EUR 75,000,000 or its equivalent in other currencies;
- (d) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a significant part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries;
- (e) *Insolvency etc.*: (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or any of its Principal Subsidiaries or the whole or a significant part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is appointed (or application for any such appointment is made), (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness;
- (f) *Winding up etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries; or
- (g) *Analogous event*: any event occurs which under the laws of the Republic of Finland has an analogous effect to any of the events referred to in Conditions 13(d) (*Events of Default — Security enforced*) to (f) (*Events of Default — Winding up etc.*),

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

14. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become

void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

15. **Replacement of Notes and Coupons**

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

16. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; *provided, however, that*:

- (a) the Issuer shall at all times maintain a Fiscal Agent and a registrar;
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

17. **Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders*: The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

- (b) *Modification*: The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is not materially prejudicial to the interests of the Noteholders.

18. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

19. Notices

- (a) *Bearer Notes*: Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*), if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.
- (b) *Registered Notes*: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

20. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

21. Rounding

- (a) For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (ii) all U.S. dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (iii) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (iv) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22. Governing Law and Jurisdiction

- (a) *Governing law*: The Notes and all non-contractual obligations arising out of or in connection with the Notes shall be governed by and construed in accordance with English law.
- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).

- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 22(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 22 prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent:* Without prejudice to any other mode of service allowed under any relevant law, the Issuer irrevocably agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Symbian Software Limited as its agent at 7 Albemarle Street, London W1S 4HQ, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in the United Kingdom at which process may be served on it. The Issuer agrees that failure by an agent for service of process to notify it will not invalidate the proceedings concerned. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this Condition 22(e) shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

FORM OF FINAL TERMS

Final Terms dated []

NOKIA CORPORATION
Issue of []
under the EUR 5,000,000,000
Euro Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated 26 April 2013 [and the supplemental prospectus dated [] which [together] constitute[s]] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC, as amended by Directive 2010/73/EU (together, the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented].

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the prospectus dated [•] which are incorporated by reference in the base prospectus dated 26 April 2013 (the "**Base Prospectus**") and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental prospectus] [is] [are] available for viewing during normal business hours at the registered office of the Issuer at Keilalahdentie 4, P.O. Box 226, FI-00045 Nokia Group, Espoo, Finland.

- | | | |
|----|---|--|
| 1. | (i) Issuer: | Nokia Corporation |
| 2. | (i) Series Number: | [] |
| | (ii) Tranche Number: | [] |
| | [(iii) Date on which Notes shall be consolidated and form a single series:] | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [] on []/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below [which is expected to occur on or about []] |
| 3. | Specified Currency: | [] |
| 4. | Aggregate Nominal Amount: | [] |
| | [(i) Series:] | [] |
| | [(ii) Tranche:] | [] |
| 5. | Issue Price: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from []] |
| 6. | (i) Specified Denominations: | [] subject to a minimum denomination of EUR 100,000 or the equivalent amount in any other currency |
| | (ii) Calculation Amount: | [] |
| 7. | (i) Issue Date: | [] |
| | (ii) Interest Commencement Date: | [[]/Issue Date/Not Applicable] |
| 8. | Maturity Date: | [[]/Interest Payment Date falling in or nearest to []] |
| 9. | Interest Basis: | [[] per cent. Fixed Rate]
[[[•] month
LIBOR/EURIBOR/NIBOR/STIBOR]]
+/- [] per cent.
Floating Rate]
[Zero Coupon] |

10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at par]
11. Change of Interest or Redemption/Payment Basis: [Applicable/Not Applicable]
12. Put/Call Options: [Investor Put]
[Issuer Call]
13. Date [Board] approval for issuance of Notes obtained: []
- Provisions Relating to Interest (if any) Payable**
14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date]
- (ii) Interest Payment Date(s): [] in each year up to and including the Maturity Date [adjusted in accordance with []/not adjusted]
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA) / Actual/365 / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Specified Period: []
- (ii) Specified Interest Payment Dates: []
- (iii) First Interest Payment Date: []
- (iv) Business Day Convention: [FRN Convention/Floating Rate Convention/Eurodollar Convention /Following Business Day Convention/Modified Following Business Day Convention/Modified Business Day Convention/Preceding Business Day Convention/No Adjustment]
- (v) Additional Business Centre(s): []
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [[Name] shall be the Calculation Agent]
- (viii) Screen Rate Determination:
- Reference Rate: [LIBOR/EURIBOR/NIBOR/STIBOR]
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
 - Relevant Time: []
 - Relevant Financial Centre: []
- (ix) ISDA Determination:
- ISDA 2006 Definitions: [Applicable/Not Applicable]
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (x) Margin(s): [+/-] [] per cent. per annum
- (xi) Minimum Rate of Interest: [] per cent. per annum
- (xii) Maximum Rate of Interest: [] per cent. per annum
- (xiii) Day Count Fraction: [Actual/Actual (ICMA) / Actual/365 / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]
16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Day Count Fraction in relation to Early Redemption Amounts [Actual/Actual (ICMA) / Actual/365 / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis/30E/360(ISDA)]

PROVISIONS RELATING TO REDEMPTION

- 17. Call Option** [Applicable/Not Applicable]
 - (i) Optional Redemption Date(s) (Call): []
 - (ii) Optional Redemption Amount(s) (Call) of each Note: [] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [] per Calculation Amount
 - (b) Maximum Redemption Amount: [] per Calculation Amount
 - (iv) Notice period: []
- 18. Put Option** [Applicable/Not Applicable]
 - (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s) (Put) of each Note: [[] per Calculation Amount
 - (iii) Notice period: []
- 19. Final Redemption Amount of each Note** [] per Calculation Amount
- 20. Early Redemption Amount** [Not Applicable/[] per Calculation Amount]

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 21. Form of Notes:**

Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
 [Temporary Global Note exchangeable for Definitive Notes on [] days' notice]
 [Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

Registered Notes: [Global Registered Note [U.S./Euro [●] nominal amount registered in the name of a nominee for DTC/a common depository for Euroclear and Clearstream, Luxembourg / a common safekeeper for Euroclear and Clearstream, Luxembourg (that is held under the New Safekeeping Structure (NSS))]
- 22. New Global Note:** [Yes]/[No]
- 23. Additional Financial Centre(s):** [Not Applicable/[]]
- 24. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):** [Yes]/[No]

Signed on behalf of Nokia Corporation:

By: _____
 Duly authorised

PART B — OTHER INFORMATION

1. LISTING

- (i) Admission to trading and listing: [[Application has been made/Application is expected to be made by the Issuer] (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market with effect from [].]
[[Application has been made/Application is expected to be made by the Issuer] (or on its behalf) for the Notes to be admitted to listing on the Official List of the FCA with effect from [].]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:
[S&P:[]]
[Moody's: []]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Save for any fees payable to the [Dealers/Managers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Dealers/Managers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]/[Not applicable.]

4. THIRD PARTY INFORMATION

[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not applicable.]

5. [YIELD (Fixed Rate Notes only)]

Indication of yield: []
[As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): []
- (iv) Names and addresses of additional Paying Agent(s) (if any): []
- (v) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]

7. DISTRIBUTION

U.S. Selling Restrictions: [Reg. S Category 2]
(In the case of Bearer Notes)
[TEFRA C/TEFRA D/TEFRA not applicable]
(In the case of Registered Notes)
[Not Applicable]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of a NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depositary or a common depositary or a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or a common safekeeper (or its nominee) for that depositary or common depositary or common safekeeper (or its nominee).

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each an "Accountholder") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer or the Guarantor to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer or the Guarantor in respect of payments due under the Notes and such obligations of the Issuer and the Guarantor will be discharged by payment to the holder of such Global Note or Global Registered Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

- (b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above), and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above), and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Global Registered Notes

Whenever a Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the

Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or
- (b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then the Global Registered Note (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above), and the holder of the Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Registered Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Conditions applicable to Global Notes

Each Global Note and Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of a NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option: In order to exercise the option contained in Condition 9(e) (*Redemption and Purchase — Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 9(c) (*Redemption and Purchase — Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, deposited with a depositary or a common depositary for Euroclear and/or Clearstream,

Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

DESCRIPTION OF NOKIA

Company Overview

Nokia is a global leader in mobile communications whose products have become an integral part of the lives of people around the world. Every day, more than 1.3 billion people use their Nokia to capture and share experiences, access information, find their way or simply to speak to one another. Nokia's technological and design innovations have made its brand one of the most recognised in the world. Nokia Siemens Networks, jointly owned by Nokia and Siemens, is one of the leading global providers of telecommunications infrastructure hardware, software and services.

We maintain listings on two major securities exchanges. The listing venues for our shares are NASDAQ OMX Helsinki, in the form of shares, and the New York Stock Exchange, in the form of American Depositary Shares.

We are a public limited liability company which is incorporated under the laws of Finland with registration number 0112038-9. We were incorporated on 19 December 1896. Our principal executive office is located at Keilalahdentie 4, P.O. Box 226, FI-00045 Nokia Group, Espoo, Finland and our telephone number is +358 (0) 7 1800-8000.

Business Overview

We have three businesses: Devices & Services, HERE (formerly Location & Commerce) and Nokia Siemens Networks, and four operating and reportable segments for financial reporting purposes: Smart Devices and Mobile Phones within our Devices & Services business; HERE; and Nokia Siemens Networks.

- Smart Devices focuses on our most advanced products, including Lumia smartphones powered by the Windows Phone operating system.
- Mobile Phones focuses on our most affordable products, including Asha full touch smartphones powered by the Series 40 operating system.
- HERE develops location-based products and services for a broad range of devices and operating systems, including our Lumia smartphones. As at 1 January 2013, HERE is the new name of our former Location & Commerce business and reportable segment.
- Nokia Siemens Networks, jointly owned by Nokia and Siemens and consolidated by Nokia, is a leading global provider of telecommunications infrastructure, with a focus on the mobile broadband market.

Each reportable segment has profit-and-loss responsibility and end-to-end accountability for the full consumer experience, including product development, product management and product marketing.

All of our businesses have recently undertaken major strategic and operational changes with the aim of delivering long-term sustainable growth. These changes have included our announcement in early 2011 of a new strategy for our Devices & Services business, including our partnership with Microsoft to build a new global mobile ecosystem with Windows Phone serving as our primary smartphone platform and changes to our leadership team and operational structure, with the aim of accelerating speed of execution in the intensely competitive mobile products market. In June 2012, we announced a range of additional planned measures aimed at sharpening our strategy, improving our operating model and returning the company to profitable growth. These actions included targeted investments in our Smart Devices and HERE business, and streamlining, reducing and divesting certain operations, as well as headcount reductions, in our Devices & Services business. Since late November 2011, Nokia Siemens Networks has also been implementing a new strategy and restructuring plan to focus on mobile broadband and services.

During 2012, we also manufactured and sold luxury mobile devices under the Vertu brand. We sold most of our shareholding in Vertu, which has more than 450 points of sale globally, to a private equity group in October 2012.

Devices & Services

Market Overview

Communication with a mobile device has become an integral part of the lives of people around the world. Since the early 1990s, mobile telecommunications penetration has grown rapidly, and today billions of people own a mobile device. Over the same period, what people can do with their mobile device has also undergone fundamental change. The development of more capable and smaller processors and the emergence of the mobile device as a single alternative to an array of one purpose products such as music players, cameras and pocketable computers have combined with the growth of the Internet and more sophisticated network infrastructure to make mobile devices powerful, must have consumer products. Demand has also grown for larger handheld Internet centric computing devices, such as tablets and e-readers, which trade off pocketability for larger screen sizes. Such devices offer access to the Internet over WiFi and cellular networks and, like more conventional mobile products, are increasingly offered in combination with an operator data plan giving the user unlimited or a predefined amount of data using their device. The growing significance of the Internet in communication has meant that the mobile telecommunication, computing, consumer electronics and Internet industries are increasingly converging to form a broader industry encompassing Internet connected products of varying shapes and sizes.

With respect to conventional mobile devices, it is still commonplace for the market to be characterised in terms of feature phones—also sometimes called mobile phones—and smartphones. The distinction between these two classes of mobile products is typically rooted in their differing capabilities in terms of software and hardware, the opportunities they provide for third party application development, the richness of the experience they offer and the volume of data they process. Historically, feature phones have been primarily used for calling and text messaging, while smartphones—with the aid of their more capable operating systems and greater computing power—have provided opportunities to access the Internet, navigate, record high definition video, take high resolution photographs, share media, play video games and more. Today, however, the distinction between these two classes of products is blurring. Increasingly, basic feature phone models, supported by innovations in both hardware and software, are also providing people with the opportunity to access the Internet and applications and, on the whole, offering them a more smartphone like experience.

Whether smartphones or feature phones, mobile devices geared for Internet access and their accompanying Internet data plans are also becoming increasingly affordable and, consequently, they are becoming attractive to a broader range of consumer groups and geographic markets. A notable recent development has been the increased affordability of devices based on the Android platform, which has enabled some vendors to offer smartphones for below EUR 100, excluding taxes and subsidies, and thus address a portion of the market which has been dominated by more basic feature phone offerings. While developed and controlled by Google, Android is made available to others free of charge and a significant part of the source code is available as open source software, which has made entry and expansion in the smartphone market easier for a number of device manufacturers which have chosen to join the Android ecosystem. Users of Android-based devices can access and download applications from the Android application store Google Play, run by Google, so many companies deploying Android have focused their software development efforts around a few elements of the user interface they have the ability to shape as well as focused on exploring new hardware form factors, such as tablets, as they seek to differentiate their offering from that of their competitors also using Android, as well as that of competitors using alternative operating systems, including Nokia. However, in general, we believe product differentiation for Android based products is challenging, leading to increased commoditisation of those devices. We also believe that there is increasing fragmentation in the Android ecosystem, meaning that increasing custom versions of the software could weaken interoperability of applications within that ecosystem.

Other major platforms include iOS, a system developed by Apple and deployed on its popular high-end iPhone models, and BlackBerry OS, an operating system developed by BlackBerry (formerly Research in Motion) and deployed on its messaging focused BlackBerry smartphones. Both Apple and BlackBerry have developed their own application stores through which users of their products can access applications. Apple has also enjoyed success with its iOS powered iPad tablets, which has helped further grow the iOS ecosystem. Microsoft's Windows Phone, which we have chosen as our primary smartphone platform and which is also deployed by others, is a relatively new entrant into the market. Users of Windows Phone products are served by the Windows Phone Store. Users of devices powered by Symbian, which used to be our primary smartphone platform, and users of Series 40 based Asha full touch smartphone are served by the Nokia Store application store.

Each smartphone platform is based on different technologies and accompanied by its own set of tools with which developers can develop applications. The ease of developing for a platform as well as the potential size

of the addressable market and business opportunity are important factors developers and other industry participants—such as hardware manufacturers, software providers, publishers, entertainment providers, advertisers and e-commerce specialists—consider when deciding where to focus their resources. We believe that, particularly in the smartphone and tablet segments, success for manufacturers is now primarily shaped by their ability to build, catalyse or be part of a competitive ecosystem where these different industry participants are forming increasingly large communities of mutually beneficial partnerships in order to bring their offerings to market. A vibrant ecosystem creates value for consumers, giving them access to a rich and broad range of user experiences. Currently, ecosystems in the smartphone segment are primarily based around the Android and iOS platforms, as well as the Windows Phone and BlackBerry OS platforms.

The emergence of ecosystems has also impacted the mobile products market in other ways. For instance, their growing significance has further reinforced the importance of product design as a means for differentiating offerings from others within the same or a different ecosystem. Additionally, together with the growth of cloud computing—where data and services are hosted by remote servers rather than on devices themselves—ecosystems are also leading some vendors to pursue a strategy of developing and providing devices and electronic products of different form factors and screen sizes—such as smartphones, tablets, smartphone and tablet hybrids sometimes referred to as "phablets", personal computers and televisions—and software which make them compatible and support their seamless interaction with one another. As consumers acquire combinations of multiple different devices, some may choose to purchase products and services from only one ecosystem or vendor.

In the low-end phone market, other ecosystems have emerged, including that based around Nokia's own Series 40 operating system which powers feature phones and our Asha full touch smartphones. A growing number of developers are writing Java-based applications for Series 40 which are available through the Nokia Store. Another ecosystem is the one which is based around mobile solutions chipsets from low-cost reference design chipset manufacturers which have enabled the very rapid and low-cost production of feature phones by numerous manufacturers especially in China and India, which are making the business landscape more competitive, as well as bringing some locally relevant innovations to market.

Segment overview

Nokia's strategy to generate sustainable long-term growth is centred on the creation of connected products that sense the world. We create products for virtually every demographic and every geography worldwide. Our overarching strategy in Devices & Services, and supported by HERE, has three core elements: (i) to win in smartphones; (ii) to connect the "next billion" to the Internet and information, especially in key emerging markets; and (iii) to continue to invest in future disruptions through long-term exploratory research into the future of mobility and computing.

Smart Devices

Our Smart Devices business unit focuses on our most advanced products, including smartphones powered by the Windows Phone operating system. The business unit has profit and loss responsibility and end to end accountability for the full consumer experience, including product development, product management and product marketing. Nokia's portfolio of smartphones covers price points ranging from around EUR 140 to more than EUR 500, excluding taxes and subsidies. During 2012, our Smart Devices unit shipped approximately 35 million smartphones.

Smart Devices makes products based on the Windows Phone operating system, which is developed by Microsoft. In 2011, we commenced our partnership with Microsoft that brings together our respective complementary assets and expertise to build a new global mobile ecosystem for smartphones. The goal for both partners is that by bringing together our complementary assets in software, search, maps, location-based services, e-commerce, social networking, entertainment, unified communications and advertising, we can jointly create an entirely new consumer proposition.

Since entering into the partnership with Microsoft, we have brought to market a number of Windows Phone-based devices under the Lumia name, with the first wave of devices based on an iteration of the Windows Phone operating system called Windows Phone 7. In late 2012, we introduced our first smartphones based on Windows Phone 8, which, for the first time, is based on many of the same core technologies as its sister software Windows 8, which is used to power personal computers and tablets. With Windows Phone 8 and Windows 8 sharing many of the same core technologies, applications can more easily be ported between the two platforms compared to previous versions. We believe this will attract more developers and consumers who want a similar experience across their personal computer, tablet and smartphone.

Our first Windows Phone 8 products, introduced in late 2012, are the Nokia Lumia 620, a compact, colourful smartphone that is also the most affordable of the range; the Lumia 820, which brings high end smartphone innovation like wireless charging, super sensitive touch displays and new augmented reality experiences to a midrange price point; and the Lumia 920, the flagship Windows Phone 8 smartphone and our leading imaging device, bringing optical image stabilisation to a Nokia product for the first time. During the beginning of 2013, we have also introduced the Lumia 520, the most affordable of the range, and the Lumia 720, which delivers high-end camera performance at a mid-range price point. All these products also bring consumers several additional benefits offered by the Windows Phone 8 software, including:

- multi-core processors, NFC (near field communication) technology, and high screen resolutions;
- a personal smartphone experience, with a start screen the user can tailor to his or her own requirements. The start screen displays animated Live Tiles for real-time updates on the things that matter to the user;
- PeopleHub, which automatically links together contacts from the user's social networks, enabling the user to see all his or her contacts in one place;
- the ability to synchronise content between smartphones running Windows Phone 8, personal computers and tablets running Windows 8, and Xbox, which means files, music, pictures and video can be accessed in whichever way is most convenient, including through Skydrive, Microsoft's cloud storage service.
- Internet Explorer 10 for fast, safe browsing;
- Microsoft Office applications, including Word, PowerPoint, Excel and OneNote, which are all built into the platform;
- HERE location-based products and services experiences, including HERE Drive navigation; and
- a growing range of third party applications in Windows Phone Store. As at March 2013, there were more than 130 000 applications in the Windows Phone Store, compared with 7000 in early 2011.

Alongside these benefits of Windows Phone 8, Nokia Lumia smartphones provide several key points of differentiation versus competing smartphones running Windows Phone as well as other platforms, including Android and iOS. Our current range of Lumia products offers the following points of differentiation:

- *our industrial design.* We use premium materials and precision manufacturing to provide well-built, attractive smartphones that offer robustness and durability;
- *our leading location-based experiences,* including HERE Maps, as well as HERE Transport and HERE City Lens, the last two of which are exclusive to Lumia users.
- *Nokia Music,* a digital music service that offers free unlimited streaming via hundreds of ad-free music channels—on or off-line; and
- *our industry-leading imaging.* Our imaging technologies are making it possible for a smartphone camera—such as that in our flagship Lumia 920—to take the kind of images and video usually only seen on single purpose cameras and video cameras. We also offer users a number of unique imaging experiences we have developed, such as Cinemagraph and Photobeamer. Our flagship imaging experiences are represented by PureView.

We also work closely with Microsoft to influence many development priorities, such as in the areas of languages and technical requirements.

During our transition to Windows Phone, we have continued to ship devices based on an older smartphone operating system called Symbian. However, after a decade long history as part of Nokia's portfolio, we are not creating any new devices based on Symbian. The Nokia 808 PureView, a device which showcases some of our imaging capabilities and which came to market in mid-2012, was the last Symbian device from Nokia. We do not expect to sell any significant volumes of Symbian devices in 2013.

Smart Devices has dedicated research and development teams addressing our short to medium-term needs in product development. To support the execution of our strategy, we are working to ensure that each of our

research and development sites for our smartphones has a clear focus and that there is greater co-location of our teams. The major Smart Devices research and development sites are in Beijing in China, San Diego in the United States and in Salo, Tampere and Greater Helsinki in Finland.

Mobile Phones

Our Mobile Phones business unit focuses on the area of mass market entry and feature phones as well as affordable smartphones. The unit has profit-and-loss responsibility and end-to-end accountability for the full consumer experience, including development, management and marketing of products, services and applications. During 2012, our Mobile Phones unit shipped approximately 300 million devices.

In Mobile Phones, our strategy focuses on leveraging our innovation and strength in growth markets to provide people with an affordable Internet experience on their mobile device. Our Mobile Phones team creates products for three consumer segments: First, Feature and Smart.

- *First* covers very affordable products such as the Nokia 101, a dual SIM music phone which costs about EUR 25, excluding taxes and subsidies. During the beginning of 2013, we have also introduced the Nokia 105, the most affordable mobile phone in the range, offering a bright colour screen, FM radio, long battery life and available in different colours for EUR 15, excluding taxes and subsidies. The target consumer for our *First* products is someone seeking their first mobile experience, an ability to use their phone as a music player, a durable and robust product, good battery life and for whom price is a critical factor. Almost 90 per cent. of the world's population lives within range of a mobile signal, but there are many people who do not yet own a mobile device.
- *Feature* covers products, such as the Nokia 206, which costs approximately EUR 46, excluding taxes and subsidies. The target consumer for our *Feature* products is someone seeking a product that offers good quality staple features, good battery life and easy and affordable access to the Internet, particularly to Facebook and Twitter. Our latest products in this segment uses a powerful new cloud-enabled browser which compresses data and can thus reduce the cost and increase the speed of browsing the web, giving peace of mind to consumers who do not wish to purchase a data plan or exceed the limit on their data plan. Many people buying our *Feature* products are using them to access the Internet for the first time. Additionally, they are seeking a product that is durable and robust and which brings them the benefit of Nokia's expertise and technologies in call quality, reception and data connectivity.
- *Smart* covers products such as the Nokia Asha 311, a smartphone with a full touch, capacitive display, a fluid 'swipe' user interface, a power processor, 3.2 megapixel camera and which costs EUR 92, excluding taxes and subsidies. The target consumer for our *Smart* products is someone seeking an affordable smartphone whose hardware, software and services are optimised for—and not compromised by—low price points. Our *Smart* products, besides being very functional, also offer some distinctive and stylish designs that share similarities to those in our Lumia portfolio of smartphones.

While Mobile Phones targets consumers in three segments, the whole portfolio has, over time, become smarter and richer in terms of experiences and features. In late 2011, we introduced the Asha product name for certain models which provide smartphone like experiences. During 2012, we continued to support the Asha range with technological and design innovations, including launching the first full touch models. They also offer a fluid 'swipe' user interface and an open environment for third party application development—characteristics which have helped earn the complete Asha full touch range full smartphone classification from global market research companies and analysts.

Mobile Phones has dedicated research and development teams addressing our short to medium-term needs in product and services development. During 2011 and 2012, we made changes to our research and development operations for Mobile Phones to reflect and support our strategy. These changes included, in 2012, the closure of our facility in Ulm, Germany. Over the last two years, we have worked to ensure that each research and development site has a clear focus and that there is greater co-location of our teams. The major Mobile Phones research and development sites are in Beijing in China and Oulu in Finland.

Technology Research

Nokia has a long and rich history of innovation and technology leadership, and its innovations through technology research have transformed the lives of billions of people around the world.

Longer-term, more exploratory technology development comes under the scope of Nokia's CTO (Chief Technology Office) organisation, which also includes Nokia's research unit, the Nokia Research Center, as well as the compatibility and industrial collaboration unit. The teams in these units explore next-generation mobile technology innovations in areas such as sensor technology, materials, imaging and connectivity and set the long-term research agenda for Nokia.

The CTO organisation looks beyond the technology development of current products, services, platforms and technologies to the creation of assets and competencies in technology areas that we believe will be vital to our future success. Through this work, the CTO organisation is a major contributor to Nokia's standard essential patents. For example, inventions have been presented in the latest developments in 4G LTE wireless communication technologies, or in a new sharing technology called Slam for quick and easy photo sharing using Bluetooth at close proximity.

The CTO organisation operates in a number of locations, including sites in Finland, the United States, the United Kingdom and China. One of our key mode of operations for our research is open innovations and it collaborates with tens of universities and research institutes around the world.

The costs related to our long term technology research related activities are reported under Devices & Services Other.

Sales and marketing

Nokia has a large distribution network, with hundreds of thousands of points of sale globally alongside our own online retailing presence. We have a significant distribution and care network, particularly in China, India, and the Middle East and Africa.

We derive our net sales of mobile devices primarily from sales to mobile network operators, distributors, independent retailers, corporate customers and consumers. However, the total device volume that goes through each channel varies by region. In 2012, sales in North America and Latin America were predominantly to operator customers, sales in Asia-Pacific, China and Middle East and Africa were predominantly to distributors, and sales in Europe were more evenly distributed between operators and distributors.

Our marketing activities play a fundamental role in our effort to bring people great mobile products. Our activities are designed to create loyalty, enhance the Nokia brand and drive more sales. In our marketing, we focus on expanding awareness of the key points of differentiation in our products and services, such as the imaging capabilities of our high end smartphones or the robust quality of our most affordable feature phones. During 2012, we continued to shift towards a single brand visual identity in our marketing, presenting a clear, simple and coherent image of Nokia. We also continued to expand our digital marketing efforts, including engaging consumers through our own social media channels, including Nokia Conversations, which is among the most popular company blogs. We are among the top brands in the world according to the Interbrand annual rating of 2012 Best Global Brands.

Production of mobile devices

For the production and customisation of mobile devices, we operate facilities in Asia, Europe and Latin America.

In connection with the implementation of our strategy, we have made a number of changes to our operations resulting in the closure or planned closure and reconfiguration of certain Nokia facilities. In late 2011, we closed our facility in Cluj, Romania, before selling the site to household appliances group De' Longhi in early 2012. Later in 2012, we made changes to our facilities in Komárom in Hungary and Reynosa in Mexico, shifting product assembly to other Nokia sites to ensure these two facilities focused on software and sales package customisation. We also closed our production facility in Salo in Finland. Today, we carry out most of our product assembly at our Asian facilities which have greater proximity to our key component suppliers.

The following table shows our major manufacturing facilities as at 31 December 2012.

Country	Location	Product focus	Production focus
Brazil	Manaus	Mobile Phones and Smart Devices	Assembly as well as software and sales package customisation
China	Beijing	Smart Devices	Assembly as well as software and sales package customisation

	Dongguan	Mobile Phones	Assembly as well as software and sales package customisation
Hungary	Komárom	Smart Devices	Software and sales package customisation
India	Chennai	Mobile Phones	Assembly as well as software and sales package customisation
Mexico	Reynosa	Smart Devices	Software and sales package customisation
Republic of Korea	Masan	Smart Devices	Assembly as well as software and sales package customisation

Nokia is planning to establish a new manufacturing facility near Hanoi in northern Vietnam. The targeted opening of the facility is the second half of 2013. The new manufacturing site is being established to produce our most affordable smartphones and feature phones.

Our manufacturing facilities form an integrated global production network, giving us flexibility to adjust our production volumes to fluctuations in market demand in different regions. Each of our plants employs state-of-the-art technology and is highly automated. A significant part of the production of a mobile device includes software and sales package customisation—or the integration of software and content—a process which is usually done according to the specific requirements of our customers and the needs of individual markets.

Our mobile device manufacturing and logistics are complex and require advanced and costly equipment. From time to time, we outsource the manufacturing of certain aspects of certain products and components to adjust our production to demand fluctuations, as well as to benefit from expertise others have in the production of certain mobile technologies. For certain of our devices, we use contract manufacturers to produce the entire product. During 2012, the vast majority of our manufacturing needs were met by our own production network.

Strategic sourcing and partnering

In line with industry practice, Devices & Services sources components for our mobile devices from a global network of suppliers. Those components include electronic components, such as chipsets, integrated circuits, microprocessors, standard components, printed wiring boards, sensors, memory devices, cameras, audio components, displays, batteries and chargers and mechanical components, such as covers, connectors, key mats, antennas and mechanisms. Such hardware components account for the majority of our overall spending on sourcing.

We also source software, applications and content from a global network of third-party companies, application developers, content providers and industry-leading technology providers. For instance, we obtain content from commercial partners in the music industry to offer an extensive catalogue of digital music through Nokia Music, our digital music store, and content from travel guide publishers to expand and enhance HERE Maps.

Patents and licenses

A high level of investment by Devices & Services in research and development and rapid technological development has meant that the role of intellectual property rights, or IPR, in our industry has always been important. Digital convergence, multiradio solutions, alternative radio technologies and differing business models combined with large volumes are further increasing the complexity and importance of IPR.

The convergence has for a long time meant that complete products integrate a number of technologies, and that multiple parties contribute to the development of new technologies. The detailed designs of our products are based primarily on our own research and development work and design efforts, and generally comply with all relevant and applicable public standards. We seek to safeguard our investments in technology through adequate intellectual property protection, including patents, design registrations, trade secrets, trademark registrations and copyrights. In addition to safeguarding our technology advantage, they protect the unique Nokia features, look and feel and brand.

We have built our IPR portfolio since the early 1990s. During the last two decades, we have invested approximately EUR 50 billion in research and development and have approximately 10,000 patent families. As a leading innovator in wireless technologies, we have built one of the mobile products market's strongest and broadest IPR portfolios, extending across all major cellular and mobile communications standards, software and

services as well as hardware and user interface features and functionalities. We receive IPR income from certain handset and other vendors. IPR income is reported under Devices & Services Other.

We are a world leader in the development of the wireless technologies of GSM/EDGE, 3G/WCDMA, HSPA, LTE and TD-SCDMA, and we have a robust patent portfolio in all of those technology areas, as well as for CDMA2000, WiMAX and WiFi. We believe our standards-essential patent portfolio is one of the strongest in the industry.

Our products include increasingly complex technology involving numerous patented, standardised or proprietary technologies. The possibility of alleged infringement and related intellectual property claims against us continues to rise as the number of entrants in the market grows, our product range becomes more diversified, our products are increasingly used together with hardware, software or service components that have been developed by third parties, we enter new businesses and the complexity of technology increases. As new features are added to our products, we are also agreeing upon licensing terms with a number of new companies in the field of new evolving technologies. We believe companies like Nokia with a strong IPR position, cumulative know-how and IPR expertise can have a competitive advantage in the converging industry and in the increasingly competitive marketplace.

Competition

The mobile products market continues to undergo significant changes, most notably due to the broad convergence of the mobile telecommunications, computing, consumer electronics and Internet industries. With the traditional feature phone market continuing to mature, the major part of volume and value growth in the industry has been in smartphones offering access to the Internet. Additionally, other large handheld Internet-centric computing devices, such as tablets, smartphone and tablet hybrids, and e-readers, have emerged, trading off pocketability and some portability for larger screen sizes, but in many cases offering both cellular and non-cellular connectivity in the same way conventional mobile devices do. Larger screened Internet-enabled devices have captured a significant share of consumer spending across the broader market for mobile products and digital content and in different ways. For example, some competitors seek to offer hardware at a low price to the consumer with the aim of capturing value primarily through the sale of content.

The increasing demand for wireless access to the Internet has had a significant impact on the competitive landscape of the market for mobile products and digital content. Companies with roots in the mobile devices, computing, Internet and other industries are increasingly competing directly with one another, making for an intensely competitive market across all mobile products and services. At the same time, and particularly in the smartphone and tablets segments, success for hardware manufacturers is increasingly shaped by their ability to build, catalyse or be part of a competitive ecosystem, where different industry participants, such as hardware manufacturers, software providers, developers, publishers, entertainment providers, advertisers and e-commerce specialists are forming increasingly large communities of mutually beneficial partnerships in order to bring their offerings to the market. A vibrant ecosystem creates value for consumers, giving them access to a rich and broad range of user experiences. As a result, the competitive landscape is increasingly characterised in terms of a "war of ecosystems" rather than a battle between individual hardware manufacturers or products.

At the heart of the major ecosystems is the operating system and the development platform upon which devices are based and services built. In smartphones, our competitors are pursuing a wide range of strategies. Many device manufacturers are utilising freely available operating systems, the development of which is not paid for from device sales revenue or by software license fees. The availability of Google's Android platform has made entry into and expansion in the smartphone market easier for a number of hardware manufacturers which have chosen to join the Android ecosystem, especially at the mid-to-low price points of the smartphone market. For example, some competitors' offerings based on Android are available for purchase by consumers for below EUR 100, excluding taxes and subsidies, and thus address a portion of the market which has been traditionally dominated by feature phone offerings, including those offered by Nokia. Accordingly, lower-priced smartphones are increasingly reducing the addressable market and lowering the price points for feature phones.

In general, we believe product differentiation with Android is more challenging, leading to increased commoditisation of these devices and the resulting downward pressure on pricing. In addition, there is uncertainty in relation to the intellectual property rights in the Android ecosystem, which we believe increases the risk of direct and indirect litigation for participants in that ecosystem. Google, HTC, LG, Motorola, Samsung and Sony are among competitors which have deployed the Android operating system on their smartphones. Samsung is among our strongest competitors, competing with us across a broad range of price points.

Other companies favour proprietary operating systems, including Apple, whose popular high-end iPhone models use the iOS operating system, and BlackBerry (formerly Research in Motion), which deploys BlackBerry OS on its mobile devices and recently introduced devices running a new version of its operating system, BlackBerry 10. Both Apple and BlackBerry have developed their own application stores, through which users of their products can access applications.

Apple, which has already gained a strong position in the market for high-end smartphones and tablets, has also used the strength of its ecosystem to further expand its offering of digital content through other interfaces such as television sets. Similarly, Google has sought to extend the Android ecosystem with its Google TV Internet based television service. Many competitors, including Apple, Google and Samsung, are pursuing a multi-screen strategy and building cloud technologies which enable consumers to access services and content across different sized screens, from mobile devices to tablets, personal computers and televisions.

Nokia offers smartphones based on the Windows Phone operating system. Windows Phone devices can access the Microsoft-run Windows Phone Store for digital content and third-party applications. The Windows Phone operating system is also being deployed on smartphones by others, including HTC, Huawei, Samsung and ZTE. During our continued transition to Windows Phone through 2012, we continued to ship devices based on an older smartphone operating system called Symbian. However, after a decade-long history as part of Nokia's portfolio, we are not creating any new devices based on Symbian.

The significant momentum and market share gains of the global ecosystems around the Android and iOS platforms have increased the competitive barriers to additional entrants looking to build a competing global smartphone ecosystem, such as Nokia with the Windows Phone platform. At the same time, other ecosystems are being built which are attracting developers and consumers, and which may result in potential fragmentation among ecosystem participants and the inability of new ecosystems to gain sufficient competitive scale.

We also face intense competition in feature phones where a different type of ecosystem from that of smartphones is emerging involving very low-cost components and manufacturing processes, with speed to market and attractive pricing being critical success factors. In particular, the availability of complete mobile solutions chipsets from low-cost reference design chipset manufacturers has lowered the barriers of market entry and enabled the very rapid and low-cost production of feature phones by numerous manufacturers in especially China and India, which are gaining significant market share in emerging markets, as well as bringing some locally relevant innovations to market. Such manufacturers have also demonstrated that they have significantly lower gross margin expectations than we do.

We also face competition from vendors of unlicensed and counterfeit products with manufacturing facilities primarily centred around certain locations in Asia and other emerging markets which produce inexpensive devices with sometimes low quality and limited after-sales services that take advantage of commercially-available free software and other free or low-cost components, software and content. In addition, we compete with non-branded feature phone manufacturers, including mobile network operators, which offer mobile devices under their own brand, as well as providers of specific hardware and software layers within products and services at the level of those layers rather than solely at the level of complete products and services and their combinations. In the future, we may face competition from established Internet companies seeking to offer smartphones under their own brand.

Our competitors use a wide range of other strategies and tactics. Certain competitors choose to accept significantly lower profit margins than we are targeting. Certain competitors have chosen to focus on building products and services based on commercially available components and content, in some cases available at very low or no cost. Certain competitors have also benefited from favourable currency exchange rates. Further, certain competitors may benefit from support from the governments of their home countries and other measures which may have protectionist objectives.

HERE (formerly Location & Commerce)

Market Overview

The market for location services has undergone significant change in recent years. Access to location services has broadened from personal navigation devices (PNDs)—such as those in automobiles—and personal computers to mobile devices. Location is now being embedded into almost every part of the mobile experience.

As the race to expand and perfect the delivery of contextual information continues, mobile platform owners have also been increasing investment in geo-location related services to provide relevance, rich information

about a location and to help people orient around as well as to and from a location. Mapping is the key underlying user interface to make sense of location services. Nokia and Google are among companies which have been investing in this area for a number of years.

Segment Overview

Our HERE business, which though 2012 operated under the Location & Commerce name, develops a range of location-based products and services for consumers, as well as content and platform services for device manufacturers, automobile manufacturers, application developers, Internet services providers, merchants and advertisers. The business has profit-and-loss responsibility and end-to-end accountability for the full consumer experience.

HERE was formed during 2011 through the combination of NAVTEQ, which we acquired in July 2008, with our Devices & Services social location services operations. In November 2012, we introduced a new brand, HERE, for our location-based products and services and have since been adopting the HERE brand across the portfolio. As at 1 January 2013, HERE is the new name of our former Location & Commerce business and reportable segment.

HERE is developing location-based offerings in support of our strategic goals in mobile devices, as well as developing a portfolio of products for the broader Internet ecosystem, including products for Nokia's direct competitors. The business aims to positively differentiate its digital map data and location-based offerings from those of our competitors and create competitive business models for our customers. In the development of the Windows Phone ecosystem, we and Microsoft are bringing together our complementary assets in search, with Nokia's maps offering at the heart of key Microsoft assets such as Bing and AdCenter to form a local search and advertising experience.

HERE's resources are primarily focused on the development of content, the platform and applications.

Content. The development of content involves the mapping of the physical world and places such as roads and points of interest, as well as the collection of activity data generated and authorised for use by our users. To further enhance our maps, we are building 3D maps and in late 2012 we further enhanced our 3D map-making capabilities with the acquisition of earthmine, a California-based company whose reality capture and processing technologies will become integral parts of the 3D map making capabilities of HERE.

During 2012, HERE continued to build partnerships with a number of major industry players, particularly in the area of automotive-grade maps content and solutions. We are providing content to partners including AoL, Audi, Bing Maps, BMW, Chrysler, ESRI, Fiat, Ford, Garmin, General Motors, Hyundai, Kia, Mercedes, Nissan, Oracle, Pioneer, PSA, Renault, Toyota and Volkswagen and Yahoo!

The platform. The platform, also known in 2012 as the Nokia Location Platform (NLP) and now as the HERE Location Platform, includes the underlying infrastructure of the map and the development tools for Nokia and others to create on top of it. During 2012, among others, Amazon became a HERE Location Platform licensee for maps and geocoding and Ford's research organisation selected the HERE Location Platform to leverage Nokia's high-quality global location content as well as scalable cloud services and APIs. We also license our platform to partners such as Bing Maps and Yahoo! Maps.

Applications. We offer a suite of location applications, which we continue to develop for users of our products and, in some instances, for customers of competing products. These include:

- *HERE Maps*, a mobile application that gives people new ways to discover and explore the world around them, as well as enabling them to search for and navigate to addresses and places of interest. We enhance our maps with 3D landmarks, real-time traffic services and precise road geometry for advanced driver assistance systems (ADAS). We offer 196 country maps.
- *HERE Drive*, a dedicated in-car navigation application including voice-guided navigation in multiple languages for more than 100 countries, 2D and 3D map views and day and night modes. The latest iteration of HERE Drive includes features such as speed limit warnings even when the user is not using the application. During 2012, we also introduced the My Commute feature for HERE Drive. Available in 26 countries by the end of 2012, My Commute brings users real-time info on traffic flow and incidents on their regular routes.

- *HERE Transport*, a mobile application for the Lumia range providing underground, tram, suburban train and bus directions for more than 500 cities in 46 countries.
- *HERE City Lens*, an augmented reality application for the Lumia range. HERE City Lens is the first application providing an experience based on LiveSight, a Nokia technology that enables a precise and intuitive augmented reality experience which turns the phone's camera viewfinder into a new way to see information about restaurants, shops, hotels and more overlaid onto the surfaces of buildings around you.

In late 2012, to further extend our location services, we launched a maps application for iOS under the HERE brand. Based on HTML5, it includes offline capabilities, voice-guided walk navigation and public transport directions. The application is available for free download from the Apple App Store. We also commenced a strategic partnership with Mozilla to bring new location experiences to the Firefox OS and we plan to debut a mobile Web version of HERE Maps for the new Firefox OS during 2013. Additionally, in early 2013, we launched an Android OS-based reference application and HERE SDK for Android vendors. This is aimed at enabling partners to create location-based applications for Android devices with Nokia's leading content.

Sales and marketing

HERE provides content, platform technologies and applications both directly and indirectly to a broad range of customers, including mobile device manufacturers such as Nokia, retail establishments, Internet players, automobile manufacturers and other redistributors. We generate revenues through the sale of content, the licensing of all or parts of the HERE Location Platform and advertising. For example, with respect to advertising, HERE has a partnership with Groupon to bring the offers to our map users.

In late 2012, Nokia introduced the HERE brand for its location products and services and is gradually adopting HERE across the portfolio. With the HERE brand, Nokia aims to extend much of its location offering to new devices and operating systems that reach beyond Nokia.

Production of our map and location-based services

HERE's resources are primarily focused on the development of content, the platform and applications. We gather data in a variety of ways, including through sophisticated vehicles which collect more than 1.3 million geocoded data points/second. In most cases, these vehicles are driven by geographic researchers, each of whom is responsible for a particular geographic area which adds a critical "human" element to our collection methodology. We also gather content from more than 80,000 other sources, such as local governments, local transport networks, logistics companies and expert communities.

We employ around 3,000 professional geographers. The major HERE product development sites are in Berlin in Germany and Burlington, Cambridge and Chicago in the United States.

Patents and licenses

HERE relies primarily on a combination of copyright laws, including, in Europe, database protection laws, trade secrets and patents to establish and protect its intellectual property rights in its database. HERE protects its database, software and related technology through patents as well as through the terms of license agreements and by confidentiality agreements with its employees, consultants, customers and others.

Competition

With respect to digital map data and related location-based content, several global and local companies, as well as governmental and quasi-governmental agencies, are making more map data with improving coverage and content, and high quality, available free of charge or at lower prices.

Our HERE business competes with a number of participants:

- Google uses an advertising-based model allowing consumers and businesses to use its map data and related services free of charge. Google has continued to leverage Google Maps as a differentiator for Android, bringing certain new features and functionality to the platform. During 2012, Google continued to invest in location content to enrich its Places offering with the purchase of Frommer, a well-known travel guide. That followed the 2011 purchase of Zagat, a popular restaurant guide. These acquisitions demonstrate Google's strategy to invest in owning and creating its own content related to Places and a move away from pure aggregation and indexing of third-party content.

- Apple has also sought to strengthen its location assets and capabilities through targeted acquisitions and organic growth. Apple now offers its own mapping service—based on maps from TomTom—to its users through the latest version of iOS. Apple Maps has displaced Google Maps, which had been pre-loaded on iOS since the iPhone's launch in 2007, although a web version of Google Maps—along with Nokia's own HERE Maps—is available to iPhone users through their browser. Apple's pre-loaded mapping service provides iPhone users with new map visuals such as 3D fly-over as well as free voice-guided turn-by-turn driving directions for the first time.
- HERE also competes with companies such as TomTom, which licenses its map data and where competition is focused on the quality of the map data and pricing, and Open Street Map, which is a community-generated open source map available to users free of charge. Aerial, satellite and other location-based imagery is also becoming increasingly available and competitors are offering location-based products and services with the map data to both business customers and consumers in order to differentiate their offerings.

We believe that economies of scale and scope in the mapping services industry favour players that are able to provide end-to-end hardware-agnostic solutions which include proprietary content, platform (APIs) and applications. Nokia with HERE and Google are leading examples of such players with global footprints.

Nokia Siemens Networks

Overview

Nokia Siemens Networks is a leading global provider of telecommunications infrastructure, with a focus on the mobile broadband market. In its target market, Nokia Siemens Networks believes it is the second largest company worldwide, by revenue. It has a strong position in the newer infrastructure technologies of 3G and 4G (LTE). In 3G, Nokia Siemens Networks is the industry leader by customers served. More than a billion subscribers connect through Nokia Siemens Networks' 3G networks. In LTE, Nokia Siemens Networks had 77 commercial contracts at the end of 2012. The company is the number one provider of subscriber database management, an essential tool in effective network operations.

Nokia Siemens Networks began operations on 1 April 2007, combining the networks business of Nokia Corporation and the carrier-related operations of Siemens AG for fixed and mobile networks. Nokia Siemens Networks is jointly owned by Nokia and Siemens and its financial results are consolidated by Nokia. Beginning on 3 April 2013, certain restrictions on the transfer of Nokia's and Siemens' interests in Nokia Siemens Networks expire and certain other provisions relating to the transfer of such interests come into effect. Otherwise, the arrangements between Nokia and Siemens as shareholders of Nokia Siemens Networks will remain in effect as originally agreed.

Nokia Siemens Networks' focus on mobile broadband began towards the end of 2011, when the company adopted a new strategy (please see the section "*Strategy*" below). Mobile broadband provides many opportunities for Nokia Siemens Networks. The company believes the market will continue to grow as mobile operators face the challenge of increasing demand for greater network capacity and improved user experience. At the same time, mobile operators are continually seeking ways to meet subscriber demands in a cost-effective manner. With a specialist approach to mobile broadband, targeted research and development and streamlined structure, Nokia Siemens Networks believes it is well placed to meet these operators' needs.

The company has an installed base of around 600 customers worldwide and serves 2.5 billion subscribers. Nokia Siemens Networks' customers include many of the world's largest mobile operators and the company is proud to count Bharti Airtel, China Mobile, Deutsche Telekom, Softbank, Telefónica, Verizon and Vodafone among them.

For the year ended 31 December 2012, Nokia Siemens Networks had net sales of EUR 13.8 billion and total assets of EUR 10.2 billion.

Nokia Siemens Networks has, since late 2011, been engaged in a significant restructuring programme. This programme, which is intended to continue throughout 2013, has already delivered substantial improvements to operating expenses and profitability. Please see the section "*Restructuring*" below.

Strategy

Focus

Nokia Siemens Networks announced its current strategy on 23 November 2011. Built around focus (both technological and geographic), quality and innovation, the strategy guides Nokia Siemens Networks to focus its business solely on mobile broadband; for example, by divesting a number of businesses and streamlining its portfolio. Please see the section "*Non-core businesses, divestments and portfolio management*" below.

The company also named Japan, Korea and the United States as "priority markets", attracting appropriate managerial focus, while putting specific turnaround initiatives in place also in other regions and exiting a number of less-profitable countries and projects.

Quality

In naming quality as the second pillar of its current strategy, Nokia Siemens Networks clearly stated that it wishes to make this area a competitive differentiator over time. The extreme intolerance of lapses in service of most mobile broadband subscribers and operators means that quality improvements have a direct impact on the reputation and success of network suppliers.

Nokia Siemens Networks has, over the last year, increased investment significantly in capabilities such as testing, automation, resources and training in the area of quality. The company's quality programme is based on:

- Defect prevention and containment, including earlier and faster detection of problems and their causes and clear links from research and development through manufacturing to sales, delivery and maintenance.
- Customer quality management, including making effective use of customer feedback and providing cross-functional support on specific issues.
- Quality capability and maturity, including developing the skills, expertise and ability organisation-wide to support customer demands and promoting a deep quality culture throughout all parts of the company.

Innovation

Nokia Siemens Networks employs a strategy of customer-focused innovation, which aims to deliver better return on investment than pure technology research and to direct resources and attention to specific challenges faced by operators.

Nokia Siemens Networks has one of the largest research and development commitments in the telecommunications industry. The efforts of these teams result in a stream of continuous improvement, technology breakthroughs and industry awards.

For example, the company's Flexi Multiradio base stations have, since their first development in 2008, been shipped to more than 200 customers and won several awards. New generations of the product are continuously in development and launch.

Nokia Siemens Networks also focuses on innovation in the area of customer experience management (CEM)—a term covering various tools that help operators to better meet their subscribers' demands and to monetise their network investments. An implementation of the 'CEM on Demand' suite for leading Indonesia-based operator, Telkomsel, was the Global Telecoms Business award winner for 2012 in the 'wireless network infrastructure innovation' category.

With a portfolio of around 3,800 patent families, Nokia Siemens Networks is a significant holder of intellectual property rights.

Restructuring

At the same time as it announced its new strategy, Nokia Siemens Networks also communicated plans to undertake a far-reaching and significant restructuring aimed at reducing its annualised operating expenses and production overheads.

A large proportion of these savings were expected to come from headcount reduction and the company announced plans to reduce 17,000 positions, announced in conjunction with the new strategy. A combination of this restructuring programme, divestments and project exits led to a reduction of approximately 15,300 headcount leaving Nokia Siemens Networks by the end of 2012. Substantial additional savings have also come from restructuring, outsourcing or similar changes in areas including real estate, information technology, product and service procurement costs and general and administrative expenses.

Nokia Siemens Networks continues to target to reduce its annualised operating expenses and production overheads, excluding special items and purchase price accounting related items, by more than EUR 1 billion by the end of 2013, compared to the end of 2011.

Organisation

Nokia Siemens Networks has two business units. Mobile Broadband provides radio and core network hardware and software to mobile operators throughout the world, as well as CEM software. Nokia Siemens Networks' mobile broadband product portfolio includes the company's innovative and award-winning Flexi Multiradio base station. Software offerings, meanwhile, include subscriber data management and operations support systems which help operators monitor and manage their networks.

Global Services enables operators to plan, implement, run and upgrade their networks. Nokia Siemens Networks' services include network planning and optimisation, network implementation, systems integration and maintenance support. A large and increasing percentage of Nokia Siemens Networks' services, currently more than one fifth, is delivered through global delivery centres in India and Portugal, supported by a global network of smaller, specialised centres. These establishments enable Nokia Siemens Networks to provide customers with access to highly trained and dedicated teams very cost-effectively through pooling of expertise and economies of scale.

The company has stated its aim to develop best-in-class Operations to support the triple aim of maintaining permanently competitive operating costs, providing excellence in customer satisfaction and defending and promoting quality.

Non-core businesses, divestments and portfolio management

As part of its strategy of focusing on mobile broadband, Nokia Siemens Networks has embarked on a number of divestments of businesses not consistent with the new company direction. As of 31 December 2012, seven divestments had been announced and five of these deals were closed in the course of the year. The divestments concluded during 2012 were:

- A deal to transfer the microwave transport business, including its associated operational support systems and related support functions, to Dragonwave Inc.
- The sale of former Motorola Solutions' WiMAX business to NewNet Communications Technologies.
- The divestment of fixed line broadband access business and associated professional services and network management solutions to Adtran.
- The sale of Belgacom-related IPTV assets to Belgacom and other IPTV assets to Accenture.
- A deal to transfer the Nokia Siemens Networks' proprietary broadband business, Expedience, to CN Tetrigen.

Towards the end of 2012, Nokia Siemens Networks announced its intention to divest its Optical Networks business to Marlin Equity Partners and its Business Support Systems operations to Redknee. These deals, which are not yet completed, are both expected to close in the first half of 2013.

During the course of 2012, Nokia Siemens Networks also took steps to exit several projects that no longer form part of the company's core focus areas. For example, the company transferred the assets and liabilities related to the TETRA Nødnett project to Motorola Solutions Inc.

Sales and marketing

Nokia Siemens Networks' direct sales force is active in approximately 120 countries. This helps ensure Nokia Siemens Networks is close to its customers, both physically and in cultural terms, and helps the company to develop stable customer relationships.

In 2012, Nokia Siemens Networks' sales organisation was organised in three geographical clusters: the Americas; Asia and Middle East; and Europe and Africa. These three markets are further divided into regions containing Nokia Siemens Networks' sales and delivery teams. Since the start of 2013, Nokia Siemens Networks has reorganised into three different geographical clusters: North America; Europe and Latin America (which also includes Africa); and Asia and Middle East. Nokia Siemens Networks has tailored its operating approach in the different regions and countries according to the macro-economic environment and the maturity of their telecommunications industry.

Nokia Siemens Networks' marketing and corporate affairs unit (MCA) is responsible for developing, executing and measuring the corporate marketing strategy, plan and budget. MCA researches markets and customers to predict the way the market will develop and how customer requirements will change over time. The team develops content and executes corporate marketing programs that raise the visibility of the Nokia Siemens Networks brand to position the company as a leader in the telecommunications industry and promotes its portfolio of products and services to customers.

Production of infrastructure equipment and products

Nokia Siemens Networks' Operations unit handles the supply chain management of all of the company's hardware, software and original equipment manufacturer ("OEM") products. This includes supply planning, manufacturing, distribution, procurement, logistics, supply network design and delivery capability creation in product programs.

As of 31 December 2012, Nokia Siemens Networks had ten manufacturing facilities worldwide: four in China (Beijing, Shanghai, Tianjin and Suzhou), one in Finland (Oulu), two in Germany (Berlin and Bruchsal), two in India (Kolkata and Chennai) and one in Russia (Tomsk). As part of the Motorola Solutions, assets acquisition, Nokia Siemens Networks acquired manufacturing sites in Tianjin and Hangzhou. Nokia Siemens Networks closed the Hangzhou site in 2012.

Certain components and sub-assemblies for products, such as company specific integrated circuits and radio frequency components, are sourced and manufactured by third-party suppliers. Nokia Siemens Networks then assembles these components and sub-assemblies into final products and solutions. For selected products and solutions, suppliers deliver goods directly to customers. Consistent with industry practice, Nokia Siemens Networks manufacture telecommunications systems on a contract-by-contract basis.

Patents and licenses

Intellectual property rights, or IPR, are fundamental to Nokia Siemens Networks and its business units. The company is an industry leader in the research and development of wireless technologies, as well as transport and broadband technologies, and has a robust patent portfolio in a broad range of technology areas. Nokia Siemens Networks seeks to safeguard its investments in technology through appropriate IPR protections and has generated and maintained an extensive portfolio of patents covering significant innovations arising from its research and development activities since its formation, including patents, design patents, trade secrets, trademark registrations and copyrights. Additionally, where the company deems necessary it obtains licenses to use standards-essential and other patents in its hardware and software solutions for both fixed and mobile network infrastructure.

Nokia Siemens Networks owns a large portfolio of approximately 3,800 patent families across an array of technologies, some of which were transferred from Nokia and Siemens upon its formation in 2007.

Nokia Siemens Networks IPR portfolio includes high quality standards essential patents and patent applications which have been declared to ETSI and other SDOs as essential to LTE, WCDMA, TD-SCDMA, WIMAX, GSM, CDMA2000 and other standards.

In addition, Nokia Siemens Networks holds copyright registrations relating to certain aspects of its products and services. The company has in place a number of patent license agreements with other major companies and patent holders, both directly and through its shareholders, that afford it freedom to operate without risk of infringing standards-essential patents owned by such entities.

Nokia Siemens Networks receives and pay patent license royalties in the ordinary course of its business based on existing agreements with telecommunication vendors.

Competition

Conditions in the market for mobile and fixed network infrastructure and related services were challenging and intensely competitive in 2011 and remained so during 2012. With relatively limited growth in a negative global economic environment, competition has been intense around growth areas such as 4G (LTE), which is the current technology battleground in the wireless industry, and in other network modernisation projects.

Industry participants have changed significantly in recent years. Substantial industry consolidation occurred in 2007 with the emergence of three major European vendors: Alcatel-Lucent, Ericsson and Nokia Siemens Networks. In January 2011, Motorola Solutions completed its separation from Motorola Mobility Holdings Inc. In April 2011, Nokia Siemens Networks acquired the majority of Motorola Solutions wireless network assets.

During this period, the market also saw the rise of Huawei and ZTE, low-cost vendors from China, both of which have gained market share by leveraging their low-cost advantage in tenders for customer contracts. In recent years, the technological capabilities of these vendors, particularly Huawei, have improved significantly, resulting in competition not only on price but also on quality. In 2012, Huawei and ZTE have continued to grow their market share but at a slower pace than in previous years, further challenging European vendors. In 2012, Nokia Siemens Networks also witnessed emerging competition from Samsung Electronics, which has expanded its network infrastructure business out of its domestic Korean market with limited gains in Europe and the United States.

At present, Nokia Siemens Networks considers five companies – Ericsson, Alcatel Lucent, Huawei, ZTE and Samsung Electronics – to be its main competitors as major network infrastructure providers. Nokia Siemens Networks also competes with Cisco Systems, Inc. and NEC Corporation.

In 2012, the telecommunications infrastructure market was characterised by slight growth in capital expenditures in Euro terms by global mobile operators, mainly attributable to operators in Japan, Asia Pacific and North America off-set by declines in Europe, China and India.

In segment terms, the continued decline of legacy technologies in the Mobile Broadband business, such as 2G (GSM) and CDMA that was experienced in 2011 continued during 2012. After reasonable growth in 2011, the 3G segment declined in 2012. This decline has been off-set by the growth in 4G (LTE) which has emerged as a fast-growing commercial technology in markets outside the early adopting United States, and especially in Asia.

Within the 4G segment, leading vendors are competing based on factors such as technology innovation, network topology and less complex network architectures as well as integration towards all-IP networks. Competition in

3G remains intense as deployments of single Radio Access Network technology remains viewed as a critical entry point for networks, particularly by vendors looking to win share in new markets. This was particularly intense in 2011 in Europe and Asia Pacific, but showed some signs of easing during 2012.

In services, which remained a growth area in the industry, Nokia Siemens Networks business is increasingly tied directly to the mobile broadband product business, in particular in areas such as care and network implementation. As a result, pricing, efficiency and roll-out capabilities are competitive drivers. The development of its global service delivery capability, which allows Nokia Siemens Networks to perform more tasks remotely using standardised tools and processes, is increasingly important as it enables efficiencies for mobile operators and for its own operations. Competition in services is from both traditional network providers such as Alcatel-Lucent, Ericsson and Huawei, as well as non-traditional telecommunications entities and system integrators, such as Accenture and IBM. In addition to these companies, there are also local service companies competing, which have a narrower scope in terms of served regions and business areas. In 2012, some vendors, including Alcatel-Lucent and Nokia Siemens Networks, signalled their intention to scale back their activities in the lower profitability areas of services such as field maintenance and some managed networks operations.

Certain of Nokia Siemens Networks' competitors may receive governmental support allowing them to offer products and services at substantially lower prices. In many regions, restricted access to capital has caused mobile operators to reduce capital expenditure and has produced a stronger demand for vendor financing. Certain of the company's competitors may have stronger customer financing options due to internal policies or government support. While the amount of financing Nokia Siemens Networks provided directly to its customers in 2012 has declined from already relatively low levels in 2011, as a strategic market requirement the company plans to offer this financing option only to a limited number of customers and primarily to arrange and facilitate financing with the support of export credit or guarantee agencies.

Seasonality – Devices & Services, HERE and Nokia Siemens Networks

Our Devices & Services sales are somewhat affected by seasonality. Historically, the first quarter of the year has been the lowest quarter and the fourth quarter has been the strongest quarter, mainly due to the effect of holiday sales. However, over time we have seen a trend towards less pronounced seasonality. The difference between the sequential holiday seasonal increase in the Western hemisphere in fourth quarter and subsequent decrease in first quarter sequential volumes has moderated. The moderation in seasonality has been caused by shifts in the regional make-up of the overall market. Specifically, there has been a larger mix of industry volumes coming from markets where the fourth quarter holiday seasonality is much less prevalent.

Our HERE (formerly Location & Commerce) sales to the automotive industry are not significantly affected by seasonality. However, HERE sales to navigation device and mobile device manufacturers typically see strong fourth quarter seasonality due to holiday sales.

Nokia Siemens Networks also experiences seasonality. Its sales are generally higher in the last quarter of the year compared with the first quarter of the following year due to network operators' planning, budgeting and spending cycles.

Sales in US Sanctioned Countries: Devices & Services, HERE and Nokia Siemens Networks

We are a global company and have sales in most countries of the world. In 2012, we sold mobile devices and services through our Devices & Services and HERE (formerly Location & Commerce) businesses and network equipment and services through Nokia Siemens Networks to customers in Iran, Sudan and Syria. We did not have any sales in Cuba in 2012. Our aggregate net sales to customers in Iran, Sudan and Syria accounted for approximately 0.9% of Nokia's total net sales, or EUR 262 million, in 2012; approximately 1.4%, or EUR 545 million, in 2011; and approximately 1.3%, or EUR 542 million, in 2010. Cuba, Iran, Sudan and Syria are targets of comprehensive United States economic sanctions and the United States government has designated these countries as "state sponsors of terrorism".

Nokia Siemens Networks made the decision in November 2011 to withdraw from the Iranian market in a controlled manner and is in the process of winding down its business activities in Iran. Nokia Siemens Networks expects to cease all revenue-generating activities relating to Iran by 30 June 2013. Other activities relating to the withdrawal—such as dissolution of the local branch, divestment or discontinuation of certain shareholdings, closing of local bank accounts and resolution of contractual and legal obligations in Iran—will take longer.

Similarly, we have decided to end the local presence in Iran of our Devices & Services and HERE businesses. The local Iranian office of these businesses was closed in August 2012 and as at 31 December 2012 there were

no longer any employees based in Iran for these businesses. Other activities relating to the termination of our local presence in Iran for these businesses will take longer. Nokia will continue to sell mobile devices, accessories and certain free of charge items such as digital content and services into Iran through regional distributors based outside of Iran.

In connection with the business activities described above relating to Iran, we have routine contacts with governmental agencies in Iran as required, for example, to maintain a legal presence in Iran, pay taxes, employ Iranian nationals and maintain shareholdings in certain Iranian companies as required under Iranian law and as is customary under Iranian business practices. We expect to cease these contacts and shareholdings as soon as possible in connection with our withdrawal from Iran as described above.

We cannot exclude the possibility that third parties acting independently from us have exported our products to countries from other countries in which we sell them. We also distribute services, applications and content through the Internet. In terms of these offerings, we have industry standard systems in place recognising users' IP addresses and, if applicable, block the access to our service offerings if they are not intended for a certain market or country. We cannot exclude the possibility that our services, applications and content when distributed through the Internet, may be accessed in markets or countries which they are not intended for if the industry standard protective mechanisms, such as IP address blocks, are circumvented.

Significant subsidiaries

The following is a list of Nokia's significant subsidiaries at 31 December 2012

<u>Company</u>	<u>Country of Incorporation</u>	<u>Nokia Ownership Interest</u>	<u>Nokia Voting Interest</u>
Nokia Sales International Oy	Finland	100%	100%
Nokia Inc.....	United States	100%	100%
Nokia GmbH.....	Germany	100%	100%
Nokia UK Limited	England & Wales	100%	100%
Nokia TMC.....	Republic of Korea	100%	100%
Nokia (China) Investment Co. Ltd.....	China	100%	100%
Nokia Telecommunications Ltd.....	China	83.9%	83.9%
Nokia Finance International B.V.	The Netherlands	100%	100%
Nokia India Pvt. Ltd.....	India	100%	100%
Nokia do Brasil Tecnologia Ltda	Brazil	100%	100%
OOO Nokia.....	Russia	100%	100%
NAVTEQ Corporation.....	United States	100%	100%
NAVTEQ B.V.....	The Netherlands	100%	100%
NAVTEQ Europe B.V.	The Netherlands	100%	100%
Nokia Siemens Networks B.V.	The Netherlands	50% ⁽¹⁾	50% ⁽¹⁾
Nokia Siemens Networks Oy.....	Finland	50%	50%
Nokia Siemens Networks GmbH & Co KG.....	Germany	50%	50%
Nokia Siemens Networks Pvt. Ltd.	India	50%	50%
Nokia Siemens Networks Japan Corp.....	Japan	50%	50%
US Nokia Siemens Networks US LLC	United States	50%	50%

⁽¹⁾ Nokia Siemens Networks B.V., the ultimate parent of the Nokia Siemens Networks group, is owned approximately 50 per cent. by each of Nokia and Siemens. Nokia effectively controls Nokia Siemens Networks as it has the ability to appoint key officers and the majority of the members of its Board of Directors and, accordingly, Nokia consolidates Nokia Siemens Networks.

Shareholders

As far as we know, Nokia is not directly or indirectly owned or controlled by any other corporation or any government, and there are no arrangements that may result in a change of control of Nokia.

Directors, Senior Management and Employees

Pursuant to the provisions of the Finnish Companies Act and our Articles of Association, the control and management of Nokia is divided among the shareholders at a general meeting, the Board of Directors (or the "Board"), the President and CEO, and the Nokia Leadership Team chaired by the President and CEO.

Board of Directors

The current members of the Board of Directors were elected at the Annual General Meeting on 3 May 2012, based on the proposal of the Board's Corporate Governance and Nomination Committee. On the same date, the Chairman and Vice Chairman, as well as the Chairmen and members of the committees of the Board, were elected among the Board members and among the independent directors of the Board, respectively.

The members of the Board of Directors are elected on an annual basis for a one-year term ending at the close of the next Annual General Meeting. The election is made by a simple majority of the shareholders' votes represented at the Annual General Meeting.

The current members of the Board of Directors and its committees are set forth below.

Chairman Risto Siilasmaa, b. 1966 *Chairman of the Board of Directors of Nokia Corporation. Board member since 2008. Chairman since 2012. Chairman of the Corporate Governance and Nomination Committee.*

Master of Science (Eng.) (Helsinki University of Technology).

President and CEO of F-Secure Corporation 1988-2006.

Chairman of the Board of Directors of F-Secure Corporation. Member of the Board of Directors of Mendor Ltd. Vice Chairman of the Board of Directors of The Federation of Finnish Technology Industries. Member of the Board of Directors of The Confederation of Finnish Industries (EK).

Chairman of the Board of Directors of Elisa Corporation 2008-2012. Member of the Board of Directors of Elisa Corporation 2007-2008.

Vice Chairman Dame Marjorie Scardino, b. 1947 *Board member since 2001. Vice Chairman since 2007. Member of the Corporate Governance and Nomination Committee. Member of the Personnel Committee.*

Bachelor of Arts (Baylor University). Juris Doctor (University of San Francisco).

Chief Executive of Pearson plc. 1997-2012. Chief Executive of The Economist Group 1993-1997. President of the North American Operations of The Economist Group 1985-1993. Lawyer 1976-1985 and publisher of The Georgia Gazette newspaper 1978-1985.

Member of the Board of Directors of Pearson plc 1997-2012.

Bruce Brown, b. 1958 *Chief Technology Officer of The Procter & Gamble Company. Board member since 3 May 2012. Member of the Personnel Committee.*

M.B.A. (International Business) (Xavier University). B.S. (Chemical Engineering) (Polytechnic Institute of New York University).

Various executive and managerial positions in Baby Care, Feminine Care, and Beauty Care units of The Procter & Gamble Company since 1980 in the United States, Germany and Japan.

Member of the Board of Directors of Agency for Science, Technology & Research (A*STAR). Strategy Adviser in US National Innovation. Member of the Board of Trustees of Xavier University. Chairman of the Advisory Board of MDVIP. Member of the Board of the University of Cincinnati Research Institute.

Stephen Elop, b. 1963 *President and CEO of Nokia Corporation. Chairman of the Nokia Leadership Team. Board member since 2011.*

Bachelor of Computer Engineering and Management (McMaster University, Hamilton, Canada). Doctor of Laws, honorary (McMaster University, Hamilton, Canada).

President of Microsoft Business Division and member of senior membership team of Microsoft Corporation 2008-2010. COO, Juniper Networks, Inc. 2007-2008. President, Worldwide Field Operations, Adobe Systems Inc. 2005-2006. President and CEO (last position), Macromedia Inc. 1998-2005.

Henning Kagermann, b. 1947 *Board member since 2007. Chairman of the Personnel Committee. Member of the Corporate Governance and Nomination Committee.*

Ph.D. (Theoretical Physics) (Technical University of Brunswick).

Co-CEO and Chairman of the Executive Board of SAP AG 2008-2009. CEO of SAP 2003-2008. Co-chairman of the Executive Board of SAP AG 1998-2003. A number of leadership positions in SAP AG since 1982. Member of SAP Executive Board 1991-2009. Taught physics and computer science at the Technical University of Brunswick and the University of Mannheim 1980-1992, became professor in 1985.

Member of the Supervisory Boards of Bayerische Motoren Werke Aktiengesellschaft (BMW AG), Deutsche Bank AG, Deutsche Post AG and Münchener Rückversicherungs-Gesellschaft AG (Munich Re). Member of the Board of Directors of Wipro Ltd. President of Deutsche Akademie der Technikwissenschaften. Member of the Honorary Senate of the Foundation Lindau Nobel prizewinners.

Jouko Karvinen, b. 1957 *CEO of Stora Enso Oyj. Board member since 2011. Chairman of the Audit Committee. Member of the Corporate Governance and Nomination Committee.*

Master of Science (Eng.) (Tampere University of Technology).

CEO of Philips Medical Systems Division 2002-2006. Member of Board of Management of Royal Philips Electronics 2006 and Group Management Committee 2002-2006. Holder of executive and managerial positions at ABB Group Limited from 1987, including Executive Vice President, Head of Automation Technology Products Division and Member of Group Executive Committee 2000-2002, Senior Vice President, Business Area Automation Power Products 1998-2000, Vice President, Business Unit Drives Products & Systems 1993-1998, Vice President, Power Electronics Division of ABB Drives Oy, Global AC Drives Feeder Factory and R&D Centre 1990-1993.

Member of the Board of Directors of Aktiebolaget SKF. Member of the Board of Directors of the Finnish Forest Industries Federation and the Confederation of European Paper Industries (CEPI).

Helge Lund, b. 1962 *President and CEO of Statoil ASA. Board member since 2011. Member of the Personnel Committee.*

MA in Business Economics (School of Economics and Business Administration, Bergen). Master of Business Administration (MBA) (INSEAD).

President and CEO of StatoilHydro 2007-2009. President and CEO of Statoil 2004-2007. President and CEO of Aker Kvaerner ASA 2002-2004, central managerial positions in the Aker RGI system from 1999. Prior to 1999, Deputy Managing Director of Nycomed Pharma AS, a political adviser to the Conservative Party of the parliamentary group of Norway and a consultant of McKinsey & Co.

Isabel Marey-Semper,
b. 1967

Director of Advanced Research of L'Oréal Group. Board member since 2009. Member of the Audit Committee.

Ph.D. (Neuro-Pharmacology) (Université Paris Pierre et Marie Curie—Collège de France). MBA (Collège des Ingénieurs, Paris).

Director of Shared Services of L'Oréal Group 2010-2011. Chief Financial Officer, Executive Vice President in charge of strategy of PSA Peugeot Citroën 2007-2009. COO, Intellectual Property and Licensing Business Unit of Thomson 2006-2007. Vice President Corporate Planning at Saint-Gobain 2004-2005. Director of Corporate Planning, High Performance Materials of Saint-Gobain 2002-2004. Principal of A.T. Kearney (Telesis, prior to acquisition by A.T. Kearney) 1997-2002.

Member of the Board of Directors of Faurecia S.A. 2007-2009.

Mårten Mickos, b. 1962

Chief Executive Officer of Eucalyptus Systems, Inc. Board member since 3 May 2012.

Master of Science (Eng.) (Helsinki University of Technology).

Senior Vice President, Database Group, Sun Microsystems 2008-2009. CEO, MySQL AB 2001-2008. Chairman, Vexillum Ab 2000-2001. CEO, MatchON Sports Ltd. 1999-2000. CEO, Intellitel Communications Ltd. 1997-1999.

Elizabeth Nelson, b. 1960

Independent Corporate Advisor. Board member since 3 May 2012. Member of the Audit Committee.

M.B.A. (Finance) (The Wharton School, University of Pennsylvania). B.S. (Foreign Service) (Georgetown University).

Executive Vice President and Chief Financial Officer, Macromedia, Inc. 1997-2005. Vice President, Corporate Development, Macromedia, Inc. 1996-1997. Project Manager, Corporate Development and International Finance, Hewlett-Packard Company 1988-1996. Associate, Robert Nathan Associates 1982-1986.

Member of the Board of Directors of Brightcove Inc.

Member of the Boards of Directors of Ancestry.com, Inc. 2009-2012, SuccessFactors, Inc. 2007-2012, Autodesk, Inc. 2007-2010 and CNET Networks, Inc. 2003-2008.

Kari Stadigh, b. 1955

Group CEO and President of Sampo plc. Board member since 2011. Member of the Personnel Committee.

Master of Science (Eng.) (Helsinki University of Technology). Bachelor of Business Administration (Swedish School of Economics and Business Administration, Helsinki).

Deputy CEO of Sampo plc 2001-2009. President of Sampo Life Insurance Company Limited 1999-2000. President of Nova Life Insurance Company Ltd 1996-1998. President and COO of Jaakko Pöyry Group 1991-1996.

Member of the Board of Directors of Nordea Bank AB (publ). Chairman of the Board of Directors of If P&C Insurance Holding Ltd (publ), Kaleva Mutual Insurance Company and Mandatum Life Insurance Company Limited. Member of the Board of Directors of Varma Mutual Pension Insurance Company. Vice Chairman of the Board of Directors of Confederation of Finnish Industries (EK). Vice Chairman of the Board of Directors of the Federation of Finnish Financial

Services. Member of the Board of Directors of Central Chamber of Commerce of Finland.

Chairman of the Board of Directors of Alma Media Corporation 2005-2011. Member of the Board of Directors of Aspo Plc. 2009. Chairman of the Board of Directors of Aspo Plc. 2000-2008.

The business address of the persons mentioned above is Keilalahdentie 4, P.O. Box 226, FI-00045, Nokia Group, Espoo, Finland.

There are no conflicts of interest between any duties to Nokia of the Directors and their private interests or duties.

On 24 January 2013, the Corporate Governance and Nomination Committee announced its proposal to the Annual General Meeting convening on 7 May 2013 regarding the composition of the Board of Directors for a one-year term from the Annual General Meeting 2013 until the close of the Annual General Meeting 2014. The Committee will propose that the number of Board members be ten and that the following current Nokia Board members be re-elected as members of the Nokia Board of Directors for a term until the close of the Annual General Meeting 2014: Bruce Brown, Stephen Elop, Henning Kagermann, Jouko Karvinen, Helge Lund, Märten Mickos, Elizabeth Nelson, Risto Siilasmaa and Kari Stadigh.

In addition, the Committee will propose that Elizabeth Doherty, the Chief Financial Officer of Reckitt Benckiser Group plc until 15 March 2013, be elected as a member of the Nokia Board of Directors for the same term until the close of the Annual General Meeting 2014.

On 24 January 2013, the Corporate Governance and Nomination Committee announced that it will propose in the assembly meeting of the new Board of Directors after the Annual General Meeting on 7 May 2013 that Risto Siilasmaa be elected as Chairman of the Board and Jouko Karvinen as Vice Chairman of the Board.

Nokia Leadership Team

According to our Articles of Association, the Nokia Leadership Team is responsible for the operative management of the Company. The Chairman and members of the Nokia Leadership Team are appointed by the Board of Directors. Only the Chairman of the Nokia Leadership Team, the President and Chief Executive Officer, can be a member of both the Board of Directors and the Nokia Leadership Team.

During 2012, the following appointments were made to the Nokia Leadership Team:

- Marko Ahtisaari was appointed Executive Vice President of Design and member of the Nokia Leadership Team as from 1 February 2012.
- Juha Putkiranta was appointed Executive Vice President of Operations and member of the Nokia Leadership Team as from 1 July 2012.
- Timo Toikkanen was appointed Executive Vice President of Mobile Phones and member of the Nokia Leadership Team as from 1 July 2012.
- Chris Weber was appointed Executive Vice President of Sales and Marketing and member of the Nokia Leadership Team as from 1 July 2012.

Further, during 2012, the following Nokia Leadership Team members resigned:

- Jerri DeVard, formerly Executive Vice President and Chief Marketing Officer, stepped down from the Nokia Leadership Team effective 30 June 2012.
- Colin Giles, formerly Executive Vice President of Sales, stepped down from the Nokia Leadership Team effective 30 June 2012 and left Nokia on 30 September 2012.
- Mary T. McDowell, formerly Executive Vice President of Mobile Phones stepped down from the Nokia Leadership Team effective 30 June 2012 and left Nokia on 31 December 2012.

- Niklas Savander, formerly Executive Vice President of Markets stepped down from the Nokia Leadership Team effective 30 June 2012 and left Nokia on 28 February 2013.
- Esko Aho, formerly Executive Vice President of Corporate Relations and Responsibility stepped down from the Nokia Leadership Team and left Nokia effective 31 August 2012. He continues as an external consultant to Nokia.

The current members of the Nokia Leadership Team are set forth below.

Chairman Stephen Elop, b. 1963 *President and CEO of Nokia Corporation. Member of the Board of Directors of Nokia Corporation. Nokia Leadership Team member and Chairman since 2010. Joined Nokia 2010.*

Bachelor of Computer Engineering and Management (McMaster University, Hamilton, Canada). Doctor of Laws, honorary (McMaster University, Hamilton, Canada).

President of Microsoft Business Division and member of senior membership team of Microsoft Corporation 2008-2010. COO, Juniper Networks, Inc. 2007-2008. President, Worldwide Field Operations, Adobe Systems Inc. 2005-2006. President and CEO (last position), Macromedia Inc. 1998-2005.

Marko Ahtisaari, b. 1969 *Executive Vice President, Design. Nokia Leadership Team member since 1 February 2012. With Nokia 2002-2006, rejoined 2009.*

Master of Arts in Philosophy (Graduate School of Arts and Sciences, Columbia University, New York, USA). Bachelor of Arts in Economics and Philosophy (Columbia College, New York, USA).

Senior Vice President, Design, Nokia 2009-2012. CEO and Co-founder, Dopplr 2008-2009. Head of Brand & Design, Blyk 2006-2008. Director, Design Strategy, Nokia 2005-2006. Director, Insight & Innovation, Nokia 2002-2004. Designer, Satama Interactive 1999-2002. Faculty Fellow, Graduate School of Arts and Sciences, Columbia University 1993-1998.

Member of the Board of Directors of Artek oy ab. Member of the Board of Directors of WITNESS.

Michael Halbherr, b. 1964 *Executive Vice President, Location & Commerce. Nokia Leadership Team member since 2011. Joined Nokia 2006.*

PhD. (Electrical Engineering) (ETH, Zurich, Switzerland). Worked at MIT Laboratory for Computer Science (Cambridge, MA, USA).

Vice President, Ovi Product Development, Nokia Services 2010-2011. Vice President, Nokia Maps, Nokia Services 2006-2010. CEO, gate5 AG, Berlin, Germany 2001-2006. Managing Director, Europeatweb, Munich, Germany 2000-2001. Manager, The Boston Consulting Group, in the USA and Switzerland 1994-2000.

Jo Harlow, b. 1962 *Executive Vice President, Smart Devices. Nokia Leadership Team member since 2011. Joined Nokia 2003.*

Bachelor of science (psychology) (Duke University, Durham, North Carolina, USA).

Senior Vice President, Symbian Smartphones, Mobile Solutions, Nokia 2010-2011. Senior Vice President, Smartphones Product Management, Nokia 2009. Vice President, Live Category, Nokia 2008-2009. Senior Vice President, Marketing, Mobile Phones, Nokia 2006-2007. Vice President, Marketing, North America, Mobile Phones, Nokia 2003-2005. Marketing, sales and management

roles at Reebok 1992-2003 and Procter & Gamble 1984-1992.

Timo Ihamuotila, b. 1966

Executive Vice President, Chief Financial Officer. Nokia Leadership Team member since 2007. With Nokia 1993-1996, rejoined 1999.

Master of Science (Economics) (Helsinki School of Economics). Licentiate of Science (Finance) (Helsinki School of Economics).

Executive Vice President, Sales, Markets, Nokia 2008-2009. Executive Vice President, Sales and Portfolio Management, Mobile Phones, Nokia 2007. Senior Vice President, CDMA Business Unit, Mobile Phones, Nokia 2004-2007. Vice President, Finance, Corporate Treasurer, Nokia 2000-2004. Director, Corporate Finance, Nokia 1999-2000. Vice President of Nordic Derivatives Sales, Citibank plc. 1996-1999. Manager, Dealing & Risk Management, Nokia 1993-1996. Analyst, Assets and Liability Management, Kansallis Bank 1990-1993.

Member of the Board of Directors of Uponor Corporation. Member of the Board of Directors of Nokia Siemens Networks B.V. Member of the Board of Directors of Central Chamber of Commerce of Finland.

Louise Pentland, b. 1972

Executive Vice President, Chief Legal Officer. Nokia Leadership Team member since 2011. Joined Nokia 1998.

LL.B honours (law degree) (Newcastle upon Tyne). Qualified and active Solicitor (England and Wales). Licensed attorney (Member of the New York Bar).

Senior Vice President and Chief Legal Officer, Nokia 2008-2011. Acting Chief Legal Officer, Nokia 2007-2008. Vice President and Head of Legal, Enterprise Solutions, Nokia 2004-2007. Senior Legal Counsel, Nokia Networks 1998-2004. Before joining Nokia, corporate in-house legal positions at Avon Cosmetics Ltd. and law firm positions prior to that in the United Kingdom.

Member of the Board of Directors of Nokia Siemens Networks B.V. Member of Association of General Counsel, CLO Roundtable—Europe, Global Leaders in Law, Corporate Counsel Forum. Vice chair of the International Bar Association.

Juha Putkiranta, b. 1957

Executive Vice President, Operations. Nokia Leadership Team member since 1 July 2012. Joined Nokia 1997.

Master of Science (Eng.) (Helsinki University of Technology). Majors in Industrial Economics and Information Technology.

Senior Vice President, Supply Chain, Nokia 2007-2012. Senior Vice President, Multimedia Computers, Nokia 2004-2007. Senior Vice President, Imaging Business Unit, Nokia 2002-2004. Senior Vice President, Cellular Telephone Business Unit, Nokia 2000-2002. Vice President, Corporate Planning and Business Development 1997-2000. Managerial positions at Hewlett-Packard Company 1986-1997.

Henry Tirri, b. 1956

Executive Vice President, Chief Technology Officer. Nokia Leadership Team member since 2011. Joined Nokia 2004.

Ph.D. (computer science) (University of Helsinki). Dr. h.c. (University of Tampere).

Head of Nokia Research Center (NRC), Corporate Development 2008-2011. Head of NRC Systems Research 2007-2008. Nokia Research Center, Research Fellow 2004-2007.

Adjunct Professor in computer science (University of Helsinki). Adjunct Professor in computational engineering (Aalto University, Helsinki). Adjunct Professor in Civil Engineering (University of California, Berkeley). Member of the international Advisory Committee of Tsinghua National Laboratory for Information Science and Technology.

Timo Toikkanen, b. 1966 *Executive Vice President, Mobile Phones. Nokia Leadership Team member since 1 July 2012. Joined Nokia 1995.*

Master of Law degree (University of Helsinki). Master of Law degree (King's College, London).

Head of Business Development, Nokia 2011-2012. Senior Vice President, Strategic Business Operations, Nokia 2010-2011. Senior Vice President, Sales, Distribution East, Nokia 2000-2010. Senior Vice President, Middle East and Africa-Customer and Market Operations, Nokia 2005-2008. Vice President, Greater China Mobile Phones Sales, Nokia. Vice President, Sales, China South Mobile Phones, Nokia 2001-2002. General Manager, Hong Kong and Macao, Nokia 2000-2001.

Chris Weber, b. 1965 *Executive Vice President, Sales and Marketing. Nokia Leadership Team member since 1 July 2012. Joined Nokia 2011.*

Bachelor degree in business administration (economics and computer science) (Mount Union College, Alliance, Ohio, USA).

Senior Vice President of Markets, Americas, Nokia 2011-2012. CEO of own sales consulting business, 2010-2011. Holder of several executive sales and marketing positions during a 15-year career at Microsoft, including corporate vice president, U.S. Enterprise and Partner Group, and overseeing national sales strategy, sales operations, enterprise partners and vertical industry strategy.

Juha Äkräs, b. 1965 *Executive Vice President, Human Resources. Nokia Leadership Team member since 2010. Joined Nokia 1993.*

Master of Science (Eng.) (Helsinki University of Technology). Senior Vice President, Human Resources, Nokia 2006-2010. Vice President, Global Operational Human Resources, Nokia 2005-2006. Senior Vice President and General Manager, Core Networks, Nokia Networks 2003-2005. Vice President and General Manager, IP Networks, Nokia Networks 2002-2003. Vice President, Strategy and Business Development, Nokia Networks 2000-2001. Vice President, Customer Services APAC, Nokia Telecommunications 1997-1999. Head of Marketing and Business Development, Customer Services, Nokia Telecommunications 1995-1996. Business Development Manager and Controller, Customer Services, Nokia Cellular Systems 1994-1995. Project Manager, Nokia Telecom AB (Sweden) 1993-1994.

Member of the Board of Directors of Nokia Siemens Networks B.V. Member of the Board of Directors of The Federation of Finnish Technology Industries.

Dr. Kai Öistämö, b. 1964 *Executive Vice President, Chief Development Officer. Nokia Leadership Team member since 2005. Joined Nokia 1991.*

Doctor of Technology (Signal Processing). Master of Science (Engineering) (Tampere University of Technology).

Executive Vice President, Devices, Nokia 2007-2010. Executive Vice President and General Manager of Mobile Phones, Nokia 2005-2007. Senior Vice President, Business Line Management, Mobile Phones, Nokia 2004-2005. Senior Vice President, Mobile Phones Business Unit, Nokia Mobile Phones 2002-2003. Vice President, TDMA/GSM 1900 Product Line, Nokia Mobile

Phones 1999-2002. Vice President, TDMA Product Line 1997-1999. Various technical and managerial positions in Nokia Consumer Electronics and Nokia Mobile Phones 1991-1997.

Member of the Board of Directors of Sanoma Corporation. Chairman of the Board of Directors of University of Tampere. Chairman of the Board of The Funding Agency for Technology and Innovation (TEKES).

The business address of the persons mentioned above is Keilalahdentie 4, P.O. Box 226, FI-00045, Nokia Group, Espoo, Finland. There are no conflicts of interest between any duties to Nokia of the members of the Leadership Team and their private interests or duties.

Employees

At 31 December 2012, Nokia employed 97,798 people, compared with 130,050 people at 31 December 2011, and 132,427 people at 31 December 2010. The average number of personnel for 2012, 2011 and 2010 was 112,256, 134,171 and 129,355, respectively.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, including any acquisitions.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

The Republic of Finland

The comments below are of a general nature based on the Issuer's understanding of current law and practice in Finland. They relate only to the position of persons who are the absolute beneficial owners of the Notes and who are not resident in Finland for tax purposes. They may not apply to certain classes of person such as dealers. Prospective holders of the Notes who are not resident in Finland for tax purposes and are in any doubt as to their personal tax position or who may be subject to tax in any other jurisdiction should consult their professional advisers. It should be noted that the tax laws of Finland may be amended with retrospective application.

Taxation of Payments in respect of the Notes

Under present Finnish domestic tax law, payments in respect of the Notes will be exempt from all taxes, duties, fees and imports of whatever nature, imposed or levied by or within the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein, except in the case of a holder of the Note which is liable to such taxes, duties, fees and imports in respect of such Note or Coupon by reason of such holder being connected with the Republic of Finland other than the mere holding of such Note or the receipt of income therefrom.

Finnish Capital Gains Taxes

Holders of Notes who are not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland will not be subject to Finnish taxes or duties on gains realised on the sale or redemption of the Notes.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent., subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State or to certain limited types of entities established in that other Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entities established in one of those territories.

The European Commission published proposals for amendments to the Directive which, if implemented, would broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International and J.P. Morgan Securities plc (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an Amended and Restated Dealer Agreement dated 26 April 2013 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period (as defined in Regulation S) relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and the amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in that Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year:
- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;
- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended; the "**FIEA**"). Each Dealer has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus, any Drawdown Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus, any Drawdown Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with

all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus, any Drawdown Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes), in the relevant Drawdown Prospectus or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 25 and 26 October 2007. The updating of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 23 and 24 November 2010. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware) which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of Nokia.

Significant/Material Change

3. There has been no significant change in the financial or trading position of Nokia taken as a whole since 31 March 2013 and there has been no material adverse change in the financial position or prospects of Nokia since 31 December 2012.

Independent Auditors

4. The auditors of Nokia are PricewaterhouseCoopers Oy, members of the Finnish Institute of Authorised Public Accountants, who have audited Nokia's financial statements, without qualification, in accordance with IFRS, for each of the financial years ended on 31 December 2011 and 31 December 2012. The auditors of Nokia have no material interest in Nokia.

Documents on Display

5. Copies of the following documents may be inspected during normal business hours at the registered offices of the Issuer and from the specified offices of the Fiscal Agent for 12 months from the date of this Base Prospectus:
 - (a) the constitutive documents of the Issuer (with an accurate/direct translation thereof);
 - (b) the audited consolidated financial statements of the Issuer as at 31 December 2011 and 2012 and for the years ending 31 December 2010, 2011 and 2012 and the audited unconsolidated financial statements of the Issuer for the year ended 31 December 2011;
 - (c) the Agency Agreement;
 - (d) the Deed of Covenant;
 - (e) the Dealer Agreement;
 - (f) the Programme Manual (which contains the forms of the Notes in global and definitive form);
 - (g) a copy of this Base Prospectus;
 - (h) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream, Luxembourg with respect to the settlement in Euroclear and/or Clearstream, Luxembourg of Notes in New Global Note form); and
 - (i) any future prospectuses, offering circulars, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence

satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing of the Notes

6. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

7. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Post-issuance information

8. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

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